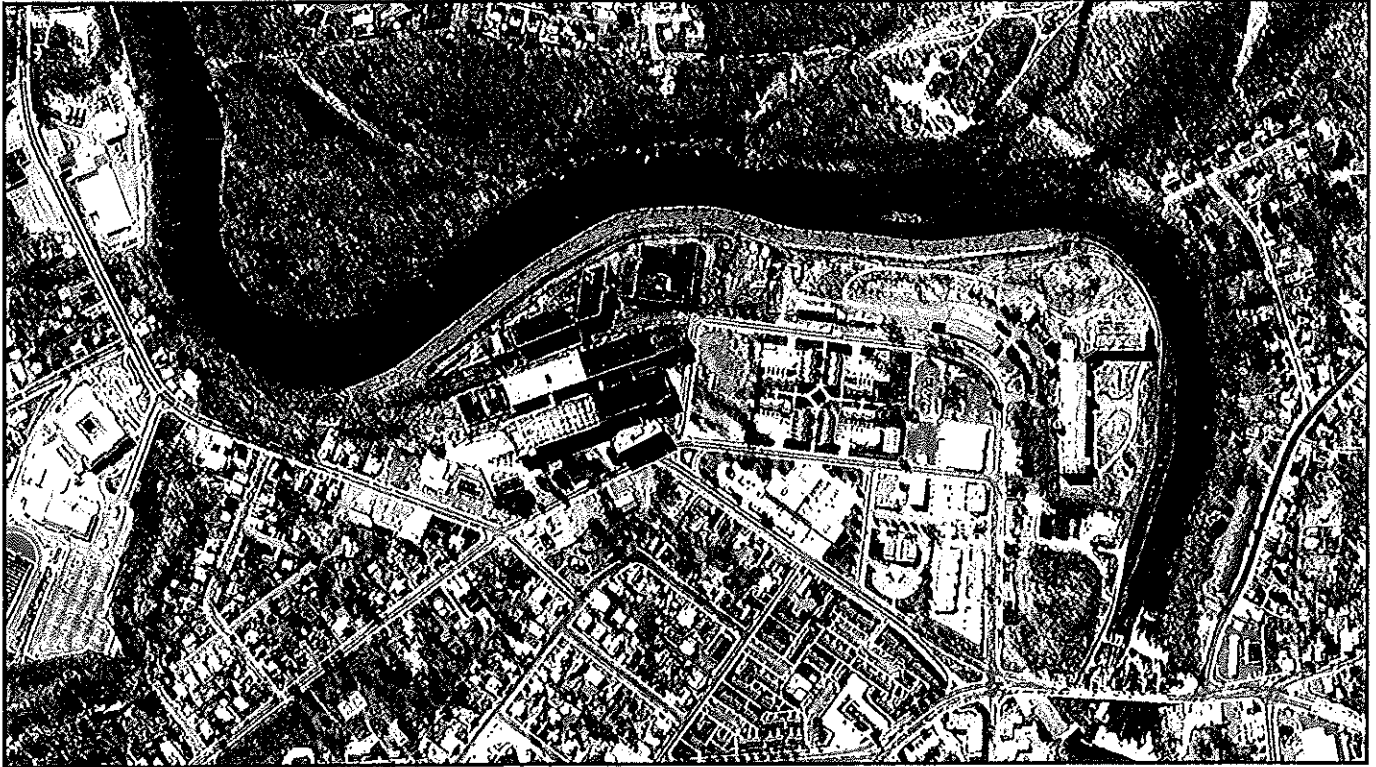


**MassDevelopment
Brownfields Redevelopment Fund
Priority Project Designation Program**



**The Uniroyal/Facemate Redevelopment Project
5 West Main Street and 154 Grove Street
Chicopee, Massachusetts**

**City of Chicopee
Mayor Michael D. Bissonette, Mayor**

**Office of Community Development
Mr. Thomas Haberlin, AICP, Director
38 Center Street
Chicopee, MA 01013
Telephone: 413-594-1486
FAX: 413-594-1495
thaberlin@chicopeema.gov**

Project Narrative

1. Site description including acreage, zoning, proximity to existing transportation and utility infrastructure, building size(s) and condition.

The site of the Uniroyal/Facemate Redevelopment Project contains 67.2 acres, including the 47-acre former Uniroyal Tire property (Uniroyal) located at 154 Grove Street, Chicopee and the immediately adjacent 20.2-acre Facemate Corporation property (Facemate) located at 5 West Main Street, Chicopee. The site has continuous frontage along the southern bank of the Chicopee River and has significant street frontage along Front Street, Grove Street, Oak Street and West Main Street. These two properties form the backbone of the City's "Chicopee Falls" neighborhood, formerly one of the City's major manufacturing districts.

- **Uniroyal.** The Uniroyal site consists of 16 buildings varying in height from one story to six stories and having an aggregate floor area of approximately 1.9 million square feet. The newest building was built in 1942. All other buildings were built earlier and most are more than 100 years old. Few changes were made to the overall facility layout after 1948.

The industrial development of the Uniroyal property began around 1870 with the establishment of a large lumber yard. The Spaulding and Pepper Company began manufacturing bicycle tires on the site in 1895. From 1898 to the 1930s, The Fisk Rubber Company (Fisk) operated at the site, manufacturing both bicycle and automobile tires. By 1916, Fisk was producing 5,000 tires per day in this facility. Despite introducing the highly successful Safti-Flight tire in 1930, the company was substantially weakened by the Great Depression. By 1940, Fisk was acquired by United States Rubber Company, which later changed its name to Uniroyal. Automobile tires were manufactured at the plant by Uniroyal until it was closed on July 22, 1980.

Purchased by Facemate Corporation in 1981, the Uniroyal property to the east became known as the "Chicopee Industrial Park", with space in five of the buildings leased to a variety of tenants as office space, storage, an auto body repair shop, a fish hatchery, a machine shop, and a light-industrial manufacturing facility including metal and filter media fabrication and printing.

- **Facemate.** The 20-acre site adjacent to the Uniroyal property was originally developed by the Chicopee Manufacturing Company as a cotton mill between 1823 and 1915. Johnson & Johnson, the medical supply company, bought the site and owned it from 1915 to 1975, continuing its use as a cotton mill. In 1979, Facemate Corporation acquired the site from Johnson & Johnson.

The Facemate site includes seven buildings that were used for various phases of textile manufacturing. Three buildings on the northern part of the site were connected to form the mill where raw cloth, primarily cotton, was processed into facing material for shirt collars and cuffs. A building south of the mill buildings housed the administrative offices of the Facemate Corporation, and two buildings, on the western and extreme southern part of the site were leased for commercial uses. The property was used by Facemate until 2003, when the company shut down operations due to bank foreclosure proceedings. It has been unoccupied since that time.

These two properties have been largely abandoned for nearly 30 years and the buildings are in various stages of disrepair. While Facemate and its owner, Walter Mrozinski, had some limited early success in leasing space and/or redeveloping discrete parcels, the property as a whole spiraled into rapid decline after Facemate filed for bankruptcy in 2003. The former tenants moved out at various times as their leases expired and conditions deteriorated.

At the present time, the properties pose an imminent threat to the health and safety of the community. In 2007, there were two fires in the former Facemate office building, forcing the City to provide 24-hour security, which continues today. In August 2008, the western corner of the largest Facemate building collapsed, exposing the inside of these old industrial mill buildings to the elements. All the existing buildings are suspected of containing lead, asbestos and other contaminants.

The Cecil Group, under contract to City of Chicopee, has prepared a comprehensive redevelopment strategy for the site. Under this strategy, the City would demolish all the buildings, with the possible exception of two buildings on the Facemate portion of the site. The reuse potential of these two buildings (up to 360,000 square feet) is in doubt given the recent fires and partial building collapse. There is also the potential for a bike/walking trail along the Chicopee River.

The overall redevelopment site is located in the Chicopee Falls section of Chicopee, just east of the central business district, in U.S. Census tract 8108. The "Industrial" district zoning currently in place allows industrial uses and any uses permitted in Business A and B districts. Additionally, the site is located in the Mill Conversion and Commercial Center Overlay District, which permits mixed uses including residential.

The property is very conveniently located less than five minutes from Exit 5 on the Massachusetts Turnpike (Interstate 90) and from both Interstate 91 and Interstate 391. The Deady Memorial Bridge over the Chicopee River is adjacent to the site and has just been reconstructed by MassHighway (completed in 2008). The property is serviced by all utilities, including gas, water, sanitary and storm sewer, electric, and cable television.

About half of the total site is estimated to be developable. Of the total 67.2 acres, 8 acres are occupied by a concrete flood wall and levy along the northern perimeter of the site, separating the developable land from the Chicopee River. Another 26.2 acres consists of an inactive Boston & Main railroad line adjacent to the levy.

The cleanup and redevelopment of the property would represent one of the most challenging and complex redevelopment efforts ever undertaken in the history of the City of Chicopee. Although some environmental assessment and cleanup work has been performed periodically over the years by former owners and operators, a comprehensive site assessment will need to be performed on both sites in order to determine the scope and cost of any remaining environmental and remediation work. This is an absolute prerequisite to site preparation and the eventual private redevelopment of the property

2. **Evidence of site control.** The City of Chicopee has been involved in prolonged legal proceedings involving the recovery of property taxes on the Uniroyal site. As a result of nonpayment of taxes, tax title liens were recorded at various times starting back in 2003. In 2005, the City filed suit in Hampden County Superior Court to recover the unpaid taxes and fees on the Uniroyal site. A Superior Court judge granted a partial summary judgment in favor of the City. Subsequently, the City and Facemate reached an agreement involving both the Uniroyal and Facemate properties under which Facemate will transfer ownership of the parcels comprising the former Uniroyal site to the City and will give up any rights to redeem the two Facemate properties, enabling the City to complete the foreclosure. A copy of the Settlement Agreement and the Agreement for Judgment are provided in Attachment A.

Uniroyal/Facemate Redevelopment Project			
Table 1. Parcel Ownership Summary			
Address	Assessor Parcel	Acres	Ownership Status
Uniroyal Site			
154 Grove Street	147-6	.691	Settlement Agreement between City and Facemate has been reached. Transfers ownership of all former Uniroyal properties to City of Chicopee.
Grove Street	147-9	8.78	
Grove Street	124-12	.654	
Grove Street	124-3	4.33	
Front Street	124-4	.172	
Grove Street	124-11	.217	
Grove Street	124-10	.349	
Front Street	102-21	1.21	
Grove Street	147-4	.241	
West Main Street	147-7	1.58	
Grove Street	147-5	2.53	
Rear Front Street	147-10	26.203	
Sub-Total		46.957	
Facemate Site			
5 West Main Street	173-1	19.25	Settlement Agreement between City and Facemate has been reached. Owner will give up any rights to redeem the former Facemate property via tax foreclosure proceedings.
West Main Street	173-4	.927	
Sub-Total		20.2	
GRAND TOTAL		67.134	

3. Data specific to unemployment and poverty in the economically distressed area and/or census tract where project site is located.

The Uniroyal/Facemate is located along the Chicopee River in Chicopee Falls, U.S. Census Tract 8108. This tract is a typical older urban area comprised of mixed land uses including housing, industrial and commercial properties. The area was developed around the river dating back to the mid-1800s. The various manufacturing operations that took place at the site had a significant impact on employment and neighborhood development. Not surprisingly, the neighborhood and its residents have experienced a decidedly negative impact since the site became vacant and manufacturing ceased. Conversely, the redevelopment of the subject site is expected to be a catalyst in attracting new private investment throughout the neighborhood.

According to the 2000 U.S. Census, the poverty rate for Census Tract 8108 was 13.1%, almost 10% higher than the citywide rate of 12.3% and 40% higher than the statewide rate of 9.3%. The median family income was \$35,058, compared to \$44,138 for the city and \$61,664 for the state.

Uniroyal/Facemate Redevelopment Project			
Table 2. Economic and Demographic Data			
Category	Census Tract 8108	City of Chicopee	Massachusetts
Population	3,844	54,653	6,349,097
Median Household Income	\$29,404	\$35,672	\$50,502
Median Family Income	\$35,058	\$44,136	\$61,664
Percentage of Individuals Below Poverty Level	13.1%	12.3%	9.3%
Unemployment Rate (Nov. 2007)	NA	5.0%	3.8%
Unemployment Rate (Nov. 2008)	NA	7.2%	5.5%
Source: 2000 U.S. Census; Unemployment data from the Executive Office of Labor and Workforce Development			

4. **Description of previous efforts/results to attract private development to the site.**

Over the past 20 years, Facemate had attempted to attract private investment to the site. These efforts included newspaper advertising, signage, brochures and engaging a local real estate broker. Except for the limited number of small tenants indicated above, these efforts were unsuccessful. No marketing efforts have been undertaken in recent years because of the condition of the property and its uncertain ownership status.

After the site issues are resolved, the City of Chicopee will issue a Request for Proposals (RFP) for a Master Developer or for multiple developers for separate components of the mixed-use plan. In 2008, the Cecil Group prepared an RFP for issuance by the City. Given the complex ownership issues at that time, as well as the significant site condition issues, the City delayed issuing the RFP. While the ownership issue is effectively resolved, a viable RFP process will still require that there be a firm plan in place for completing the environmental remediation and demolition that must occur before the property can be returned to productive use.

5. **Evidence of community support and capacity to assist in the redevelopment of the site including the availability of funds in the form of grants, loans or abated property taxes from municipality where project site is located.**

This financial participation by the City far exceeds the minimum 20% local match of the \$2 million in requested BRF funds. Additional contributions of public resources are anticipated as the project moves into implementation. The following is a summary of the City's financial commitment:

Funds to Date:

- **Property Tax Forfeiture.** The City has lost more than \$2.9 million in property tax revenues from the non-payment of municipal property taxes on the site by the Facemate Corporation. After years of attempting to work with the property owner, the City's only remaining remedy was to pursue legal action on the property and to eventually assume ownership of a contaminated and derelict site with negative worth. This action requires the City to write-off the outstanding property taxes and this revenue forfeiture is effectively the City's site assembly cost
- **Security, Legal and Planning Costs to Date.** The City has incurred costs in providing security at the site in light of obvious public safety concerns referenced above. In addition to legal costs, it has paid close to \$400,000 to provide police and fire protection and has paid consultants to prepare plans for redevelopment of the site.

Additional Funding Commitments:

- **Future Security, Legal and Planning Costs.** The City anticipates ongoing site security costs, legal and planning costs to exceed \$225,000 in additional expenditures.
- **Community Development Block Grant.** The project remains a key economic development priority for the City. The City has set aside \$1.2 million in Community Development Block Grant (CDBG) funding to support demolition and redevelopment activities. This amount alone represents 60% of the maximum \$2 million being made available to designated sites by MassDevelopment under the Brownfields Redevelopment Fund (BRF) Priority Project Designation.
- **Other Public Resources.** The City will pursue other sources of funding to support private redevelopment efforts after site preparation is complete. These sources may include local resources such as additional CDBG funding including use of the HUD Section 108 loan program; favorable land disposition pricing; economic development tax incentives using the Special Tax Assessment/Tax Increment Financing Agreement (TIF), District Improvement Financing and/or the Urban Center Housing Tax Increment Financing programs. Further, the City will prioritize the project in pursuing available state and federal funding incentives such as Community Development Action

Grants (CDAG), Public Works Economic Development (PWED) grants; Infrastructure Investment Incentive Program (I-Cubed); EPA Assessment and/or Cleanup Grants; Brownfield Economic Development Initiative (BEDI), EDA Public Works Economic Development program funding and other economic stimulus programs and/or appropriations.

Private Redevelopment.

- **Incentives for Private Investment.** The City will also work with the eventual private developer to provide public incentives to attract private financing for the redevelopment program. Potential sources include tax exempt financing, Historic Rehabilitation Tax Credit program; Massachusetts Opportunity Relocation and Expansion (MORE) Jobs Capital Program, and New Markets Tax Credits.

6. Description of the community benefits associated with the redevelopment plan including but not limited to, job creation or retention, and/or the creation of housing opportunities consistent with the housing needs of the community.

The redevelopment of the Uniroyal/Facemate property is an opportunity to reclaim 67 acres situated at the very heart of Chicopee. A carefully designed mixed-use project at this location will eliminate the worst blight in the City of Chicopee and will have a profound positive impact on the vitality of the community as a whole. There is also the potential for a public-access bikeway/walkway along the bank of the Chicopee River.

In the probable mixed-use redevelopment scenario (see development concept below), the site could accommodate approximately 300,000-plus square feet of new industrial space, 400 residential units and 40,000 square feet of commercial space. Total private development costs are projected to exceed \$130 million; new tax revenues could approach \$2 million per year with 600 to 800 new jobs created. During construction, an additional 200 jobs are projected to be created.

7. A summary of any completed or in-progress site assessments. The City of Chicopee, a property owner of circumstance, is completely innocent of any responsibility for environmental contamination that may have occurred at either property over the years. Below is a summary of the completed or in-process site assessment and/or remediation activities at the Uniroyal and Facemate sites conducted by the former owners. A list of all significant reports that have been filed at the Massachusetts Department of Environmental Protection (Mass DEP) is provided in Attachment B. It is important to note that no thorough site assessment inclusive of the existing site structures has been done for either the Uniroyal or Facemate sites. The work that has been completed to date has been undertaken either by the former owners and/or under enforcement actions by the Mass DEP and the EPA. The City intends to undertake a comprehensive site and building assessment as part of its acquisition of the property using the requested funding from MassDevelopment under the BRF program.

Uniroyal. A voluntary cleanup program, as described below, has been underway at the former Uniroyal plant since 2005. This remediation was undertaken by Michelin North America Inc. (MNA), the successor owner to Uniroyal.

- **Overview of Assessment and Remedial Activities.** A site release of oil or hazardous materials was discovered at the Uniroyal site in 1991 during an environmental assessment conducted for the former site owner (Facemate) by Environmental Compliance Services (ECS). As a result, the site was issued Release Tracking Number 1-0436 by Mass DEP. Facemate and ECS continued to perform response actions at the site until 2001/2002. In approximately 2003, MNA began conducting response actions to conform to requirements of the Massachusetts Contingency Plan (MCP) and the Toxic Substance Control Act (TSCA).
- **Site Contaminants and Response Actions.** Oil and hazardous materials have been discovered in the soil and groundwater at the site. Site contaminants included polychlorinated biphenyls (PCBs), volatile organic compounds (VOCs), petroleum hydrocarbons and arsenic. In general, PCB contamination is present in shallow soil adjacent to former electrical equipment near site buildings; VOCs and petroleum hydrocarbons are present in soil and

groundwater around former underground storage tanks in the southern part of the site; and arsenic is present in shallow soil within former loading areas and railroad sidings. Since 2006, MNA has been performing cleanup activities, including the removal of bulk waste from the buildings, the in-situ treatment of petroleum and VOC-impacted soils and groundwater, the excavation and off-site disposal of PCB and arsenic-impacted soils, the consolidation of certain PCB impacted soils, and the removal of impacted sediments and liquids from site sewer lines. Soils containing PCBs between 1 and 10 mg/kg are being consolidated on site, while soils containing PCBs greater than 10 mg/kg are being removed from the site. Typically, response actions are conducted only during warm weather periods. MNA activities anticipated during 2009 include: the excavation and off-site disposal of PCB impacted soils, the installation of a temporary cap over the PCB soil consolidation area, chemical oxidation injections to address VOC and petroleum hydrocarbons in the southern part of the site, the removal of impacted sediments from site utilities, and the assessment of potential contamination in interior building areas.

- **Enforcement Actions.** Environmental Response Actions currently are being conducted by MNA on a voluntary basis to conform to the requirements of the MCP and the TSCA. A recent review of regulatory agency files, report submittals, and interviews with the Western Regional Office of the Mass DEP and the U.S. Environmental Protection Agency (EPA), Region 1, confirmed that MNA is conducting the site response actions on a voluntary basis and found no indication of enforcement action pending against the former site owner, Facemate, Inc., or MNA.

Facemate. The EPA and the Mass DEP were both involved in a response action cleanup effort at the former Facemate property (see description below). According to the site's history, oil had been used either to fuel the plant boiler or to lubricate machinery used in the mill. Bleaches, starches, dyes, acids, and resins were used in the cloth processing and finishing. Chlorinated solvents were used in the machine shops of the mill. Tanks, vats, drums, and other containers of hazardous substances remain in these buildings. The site has been completely abandoned since March 2004 without electricity, heat, water, or fire protection utilities. The City plans to undertake a comprehensive site assessment as part of its acquisition of the site in order to determine the current environmental conditions.

- **Overview of Assessment and Remedial Activities.** The Facemate site currently contains three underground storage tanks: two 30,000-gallon steel underground tanks, which likely contain No. 6 oil, and a 100,000-gallon concrete tank, which also reportedly contains No. 6 fuel oil. A site release of approximately 200 gallons of No. 6 fuel oil occurred in 1987 (to address this release, response actions were conducted for Facemate by ECS). As a result, the site was issued Release Tracking Number 1-0324 by the Mass DEP. ECS subsequently installed eight groundwater monitoring wells on the site, analyzed soil and groundwater samples from various oils and hazardous materials, excavated oil impacted soils, and removed oil contaminated water from a tailrace that passes through the site. A Response Action Outcome statement was completed for the No. 6 oil release in 1995.
- **EPA Removal Actions.** In August 2004, Mass DEP notified the EPA of the presence of large quantities of hazardous substances at the abandoned mill and requested EPA's assistance in addressing the problem. On September 30, 2004, EPA initiated a Preliminary Assessment/Site Investigation (PA/SI) which included site reconnaissance and inspection of the sulfuric acid tank and water treatment area. On October 5, 2004, EPA and EPA Superfund Technical Assessment & Response Team (START) contractors walked the site with representatives of DEP and confirmed the presence of acids, base materials, hydrogen peroxide, ammonia, ammonium chloride, and other hazardous substances in tanks, vats, drums, and other containers. The presence of friable asbestos-containing material (ACM) was noted on the floors throughout the buildings due to vandalism and deterioration from leaking roofs. In addition, EPA documented the presence of transformers containing polychlorinated biphenyls (PCBs) and a pile containing friable asbestos shingles. Subsequently, START contractors mobilized to the site to manage and properly dispose of the unsecured chemicals. Between December 2004 and April 2005 the EPA managed and disposed of approximately 55 containers of various hazardous materials on the site. The Mass DEP subsequently issued a Response Action Outcome statement indicating that the threat of release condition had been addressed. No subsurface investigations were conducted as part of the EPA response action.
- **Enforcement Actions.** There has been various municipal building code and health and safety orders or directives previously issued regarding structural conditions of former Facemate manufacturing facility buildings. Further, under Facemate ownership, the EPA at the request of MassDEP performed a removal action to contain and control stored

materials and accumulated wastes that had been inappropriately managed and stored at the facility. A portion of the materials and wastes removed by EPA were hazardous substances.

In 2008, the civil action was filed in Massachusetts Federal District Court asking for determination of what rights (if any) the EPA might have to establish, secure and recover reimbursement for costs incurred in connection with the removal action, which EPA approximates at \$1,250,000. The City and EPA's representatives are actively engaged in ongoing discussions regarding the shared objective of achieving the return of the property to the City's tax rolls and productive use benefitting the community.

8. A proposal, if any, showing costs and alternative remediation options under the Massachusetts Contingency Plan.

The City will undertake a comprehensive environmental site assessment of the Uniroyal and Facemate sites utilizing the \$100,000 initial advance that is being requested under this application to the MassDevelopment BRF Priority Project Designation Program. The proposed approach to the assessment and the eventual cleanup will require the City and its contractors to employ special public safety measures to assess the structural integrity of existing buildings in order to prevent damage and injury in the event of a building collapse, a release of chemicals into the adjacent Chicopee River and risk to the public from accessing the site.

9. Copies of any recent needs assessment, market feasibility studies, conceptual plans/drawings/renderings of the site or development if available.

The Cecil Group, a multi-disciplinary planning and design firm specializing in urban design, planning, landscape architecture and architecture, prepared a redevelopment strategy for the Uniroyal/Facemate property for the City of Chicopee in January, 2008. A copy of this strategy is provided in Attachment C.

The Cecil Group's redevelopment strategy evaluated a number of uses, including housing, commercial, institutional and entertainment, and then recommended a mixed-use redevelopment program for the combined Uniroyal/Facemate sites. After considering likely uses that would be attracted to the location, the configuration of the land, site constraints and other assets as well as prevailing market conditions, the Cecil Group favored a mixed-use redevelopment program that maximizes building space.

The following is a redevelopment scenario that maximizes the site's build-out capacity:

Uniroyal/Facemate Redevelopment Project		
Table 3. Preliminary Site Development Concept		
Use	GSF	Units
Industrial Uses:		
Industrial	240,352	
Research & Development	62,788	
Subtotal	303,130	
Residential Uses:		
Townhouse Units	179,367	49
Multifamily Units	179,367	83
Adaptive Reuse Units	360,000	245
Subtotal	530,399	376
Commercial:		
Retail/Restaurant	14,349	
Office	28,699	
Subtotal	43,048	
Source: Cecil Group 2008		

10. Zoning designations and any applicable municipal master plan or similar information.

The site is zoned "Industrial," allowing industrial uses and any uses permitted in Business A and B districts. Additionally, the site is located in the Mill Conversion and Commercial Center Overlay District. The purpose of the Overlay District is to promote the economic health and vitality of the City by encouraging the preservation, reuse and renovation of underutilized or abandoned industrial properties and commercial centers through mixed-use development that includes compatible industrial, commercial, municipal and residential uses. The uses contemplated in the development strategy are all permitted under current zoning.

11. Proposed funding plans for the project that includes any other potential financing commitments for the overall project or key infrastructure needs and improvements.

Table 5 summarizes the public and private costs of preparing the subject site for redevelopment, as well as the cost of implementing the currently contemplated mixed-use redevelopment scenario. It is important to note that these costs were developed without access to the site or the buildings. Therefore, they are based upon limited site specific data and conservative assumptions as to what contaminants may be present in soil and groundwater, and what materials may be present in buildings and require abatement prior to demolition. No consideration was given to the potential use of regulatory tools available to reduce cleanup cost and expedite the abatement of hazardous materials, such as Activity and Use Limitation under the Massachusetts Contingency Plan or alternate work practices for asbestos and hazardous and materials abatement. Therefore, they are order of magnitude costs that will be refined as part of the comprehensive site assessment activities.

Note that it is impossible to secure firm financing commitments for either site preparation or private redevelopment until the environmental assessment is complete. Nevertheless, multiple potential sources of financing are indicated in the preliminary financing plan. These sources will be pursued as appropriate pending the results of the assessment and the identification of a private developer or developers.

The funding available under Mass Development's BRF, Priority Project Designation Program is one of the few sources of available financing for pre-development assessment and remediation that represent the necessary next step in the process. The City of Chicopee is requesting an allocation of \$2 million for this project. The City proposes to utilize up to \$100,000 of BRF funds to immediately undertake the required assessments and the City anticipates eventually using up \$1.9 million in BRF funding, along with multiple other sources of public financing, to pay for the site remediation and preparation costs. In order to assure that the very substantial public investment in the site will yield economic impact, site preparation costs will not be incurred until the redevelopment plan is finalized and a private developer is secured.

The aggregate in the investment in the site is anticipated to be almost \$160 million.

Uniroyal/Facemate Redevelopment Project
Table 5. Preliminary Development Financing Plan

Use	GSF	Cost/SF	Total	Potential Funding Sources
Public Sector Site Preparation and Development Costs				
Site Preparation - Both Sites			\$250,000	CDBG, Land Disposition Proceeds
Environmental Site Assessment			\$100,000	MassDevelopment BRF
Building Demolition - Both Sites	1,650,000		\$9,100,000	CDBG, MassDevelopment BRF, Section 108 Loan
Uniroyal (Estimates)				
Hazardous Materials Abatement			\$2,600,000	MassDevelopment BRF, EPA Cleanup Grant, BEDI
Asbestos Abatement			\$5,200,000	MassDevelopment BRF, EPA Cleanup Grant, BEDI, Prior Owner
Facemate (Allowances)				
Hazardous Materials Abatement			\$130,000	MassDevelopment BRF, EPA Cleanup Grant, BEDI
Asbestos Abatement			\$260,000	MassDevelopment BRF, EPA Cleanup Grant, BEDI
Remediation			\$1,000,000	MassDevelopment BRF, EPA Cleanup Grant, BEDI
Public Infrastructure - Both Sites			\$2,000,000	PWED, CDAG
Soft Costs (professional/engineering) @ 5%			\$1,032,000	All of the above
Sub-total			\$21,672,000	
Private Sector Site Preparation and Development Costs				
Uniroyal Remediation			\$2,600,000	Prior Owner (Michelin)
Total Site Preparation and Development Costs				
Total			\$24,272,000	
Private Sector Development Costs				
Industrial Uses:				Private Equity, Private Debt, New Markets Tax Credits, Tax Increment Financing, District Improvement Financing, Other
Industrial	240,352			
Research & Development	62,778			
Sub-total	303,130	\$160	\$48,500,800	
Residential Uses:				Private Equity, Private Debt, New Markets Tax Credits, Tax Increment Financing, District Improvement Financing, Urban Center Housing Tax Increment Financing, Other
Townhouse Units - 49 Units	62,778			
Multifamily Units - 83 Units	107,620			
Adaptive Reuse Units - 245 Units	360,000			
Sub-total	530,398	\$150	\$79,559,700	
Commercial:				Private Equity, Private Debt, New Markets Tax Credits, Tax Increment Financing, District Improvement Financing, Other
Retail/Restaurant	14,349			
Office	28,699			
Sub-total	43,048	\$160	\$6,887,680	
Totals			\$134,948,180	
Total Costs - All Sources			\$159,220,180	
Source: Cecil Group, 2008 with allowances for Facemate asbestos abatement, hazardous materials and environmental remediation				

12. A proposed timeline for the redevelopment including obtaining necessary permits, zoning changes and other related entitlements critical to the redevelopment plan.

Uniroyal/Facemate Redevelopment Project <i>Table 6. Proposed Timeline</i>	
Activity	Complete By
MassDevelopment BRF award to the City of Chicopee	March 23, 2009
City executes BRF Agreement with MassDevelopment	April 15, 2009
Procure engineering firm to complete comprehensive site environmental assessment activities (e.g. subsurface, structural, hazardous materials, etc.)	June 1, 2009
Perform Phase 1 Environmental Site Assessment	July 15, 2009
Evaluate findings – Perform Phase 2 site assessment as needed	October 1, 2009
Modify redevelopment program based on findings	November 1, 2009
Secure all necessary public sector funding for site preparation	Ongoing
City undertakes developer solicitation (Request for Proposals)	December 1, 2009
City selects private developer (s)	March 1, 2010
City/developer(s) execute Land Disposition and Development Agreement(s)	May 1, 2010
Private developer(s) secure all needed private and public financing	July 1, 2010
City bids and initiates environmental remediation/demolition activities	July 1, 2010
Remediation complete/City conveys site(s) to developer(s)	March 1, 2011
City bids and completes needed private infrastructure improvements	Mid-2012
Developer completes all private development activities	Mid-2013

13. Any known issues that may impact the redevelopment plan and possible strategies for addressing the issues.

Clearly, the structural integrity of the two buildings scheduled for preservation will need to be assessed. In the event that these buildings cannot be saved, the redevelopment plan will be adjusted accordingly.

14. Picture(s) of the project site. Attachment D contains 8 x 10 building and site photos.

15. Map with directions to the project site. See Attachment E.

City of Chicopee, Massachusetts
The Uniroyal/Facemate Redevelopment Project

MassDevelopment
Brownfields Redevelopment Fund – NOFA II

Attachment A

**Settlement Agreement and an Agreement for Judgment between the
City of Chicopee and Facemate Corporation**

SETTLEMENT AGREEMENT

Now comes the City of Chicopee, a municipal corporation with offices at 17 Springfield Street, Chicopee, Massachusetts and Facemate Corporation, a Massachusetts corporation and do hereby stipulate and agree to resolve any and all claims, counter-claims, or other causes of action which either side may have against the other for any reason related to either Superior Court action, Civil Action Docket No.CV-2005-299 and/or Hampden County Housing Court, (**Docket # 01-CV-0179**) as follows.

1. The parties shall forthwith enter into an Agreement for Judgment in the Superior Court action as set forth in the Agreement for Judgment annexed hereto as **Exhibit "A"** and the Defendant shall thereafter immediately deed to the City of Chicopee all of its rights, title and interest in the following parcels which are the subject to said Court Judgment. (All parcel references are as set forth in the City of Chicopee's Assessors maps). Parcel #'s 147-6, 147-9, 124-12, 124-3, 124-4, 124-11, 124-10, 102-21, 147-4, 147-7, 147-5, 147-10.
2. The parties shall forthwith execute and enter into a Stipulation of Dismissal with respect to the Contempt Action filed in the Hampden County Housing Court as Docket No. 01-CV-0179.
3. The City of Chicopee shall forthwith execute and deliver a release to UPS Business Credit as specifically set forth in the document annexed hereto and designated **Exhibit "B"**.
4. Upon the payment of \$8,788.07 to Bart Heemskerk, Esq. under the terms and conditions of said release (**Exhibit B**), the City of Chicopee shall thereafter waive any and all claims to said funds.
5. The City of Chicopee shall allow the Defendant, Facemate Corporation, to continue to collect rents from the tenant currently occupying parcel # _____, which is located at _____ Grove Street, for a minimum of six (6) months or until such time as the City of Chicopee has foreclosed all rights of redemption upon its tax title properties at 5 West Main Street, Chicopee, Massachusetts, whichever is later.
6. The City of Chicopee shall forthwith commence tax title actions in the Commonwealth of Massachusetts Land Court with respect to the following parcels as designated by the Chicopee Board of Assessors. Parcel #'s 173-1 and 173-4.
7. Facemate Corporation shall forthwith execute any and all agreements, releases, waivers of rights of redemption, deeds in lieu of foreclosure, and any and all documents necessary or requested by the City of Chicopee to allow the City of Chicopee to obtain Judgments with respect to said Land Court actions and Facemate Corporation shall forever waive any rights to either contest said actions or to redeem said properties.
8. Facemate Corporation shall within the next thirty (30) days after signing the documents set forth herein, be allowed to remove any and all personal property which it sought to remove from the so-called "Uniroyal Property" as set forth in Facemate Corporation's Motion to the Hampden County Housing Court, provided Facemate Corporation can do so safely and without

interfering with the operations of Gannett Fleming or any other environmental contractor at the Uniroyal site and provided further that it may do so without causing any hazardous material release upon said property.

9. This Agreement sets forth in its entirety the full terms and conditions of the Settlement Agreement between the City of Chicopee and Facemate Corporation and seeks to resolve any and all disputes between the City of Chicopee and Facemate Corporation with respect to any and all actions related to either Hampden County Superior Court Docket No. 05-299 or Hampden County Housing Court Docket No. 01-CV-0179.

THE DEFENDANT
FACEMATE CORPORATION

By Its Attorney

Bart Heemskerk
75 Market Place
Springfield, MA 01103
BBO#377875
Tel: (413) 739-7094
Fax: (413) 739-7168
BBO#548058

THE PLAINTIFF
CITY OF CHICOPEE

By Its Attorney

William J. O'Grady
Associate City Solicitor
City of Chicopee Law Department
Chicopee, MA 01013
Tel: (413) 594-1520
Fax: (413) 594-1524
BBO#377875

FACEMATE CORPORATION

By: _____
Its President

COMMONWEALTH OF MASSACHUSETTS
THE TRIAL COURT

Hampden, ss.

Superior Court Department
Civil Docket No. HDCV2005-00299

CITY OF CHICOPEE,
Plaintiff

v.

FACEMATE CORPORATION
Defendant

AGREEMENT FOR JUDGMENT

Now come the parties in the above-entitled matter and hereby stipulate and agree that Judgment shall enter in favor of the City of Chicopee and against the Defendant, Facemate Corporation, in the amount of One Million Five Hundred Thousand and 00/100 Dollars (\$1,500,000.00) without interest or costs with respect to the City's claims for damages against Facemate Corporation. Said Judgment is limited to the Plaintiff's claim for damages as they relate to the following parcel numbers, as designated by the Chicopee Assessors: Parcel #'s 147-6, 147-9, 124-12, 124-3, 124-4, 124-11, 124-10, 102-21, 147-4, 147-7, 147-5 and 147-10.

This Judgment does not relate in any way to claims which the Plaintiff may have against Facemate Corporation for taxes, municipal services or other municipal liens owed by the Defendant, Facemate Corporation to the City of Chicopee with respect to the real estate located at 5 West Main Street, Chicopee, Massachusetts, (said parcel being identified as parcel #173-1 and 173-4) and the City shall be free to pursue its claims against Facemate Corporation by way of tax title takings and foreclosures, and this Judgment shall in no way preempt the City of Chicopee from pursuing said claims under a tax title procedure.

Any and all Counter-Claims of the Defendant, Facemate Corporation, against the City of Chicopee shall and are hereby dismissed with prejudice and without costs to either party.

Upon Levy and Execution or deed from the Defendant to the Plaintiff, of the said parcels identified herein, the judgment and execution issued in this action shall be deemed Satisfied in Full.

THE DEFENDANT
FACEMATE CORPORATION

By Its Attorney

Bart Heemskerk
75 Market Place
Springfield, MA 01103
BBO#377875
Tel: (413) 739-7094
Fax: (413) 739-7168

THE PLAINTIFF
CITY OF CHICOPEE

By Its Attorney

William J. O'Grady
Associate City Solicitor
City of Chicopee Law Department
Chicopee, MA 01013
Tel: (413) 594-1520
Fax: (413) 594-1524
BBO#548058

Attachment B

Listing of Assessment Documents on File at MassDEP

<u>Title/Author</u>	<u>Date</u>
UNIROYAL SITE:	
Short term Measure Soil Gas Survey, South Yard Tank, Environmental Compliance Services (ECS)	July 1991
Short term Measure: Evaluation of Contaminant Migration Pathways to Oak Street Pump Station, ECS	November 1991
Process/Chemical Usage Information, EMG	September 1993
IRA Completion report: Evaluation of Oil Staining, ECS	August 1995
Chicopee River Basin Literature Review, ECS	August, 1996
Phase II Comprehensive Site Assessment Addenda A and B, ECS	February 1996
RAM Completion Report, ECS	March 1999
IRA Completion Report, ECS	July 1999
IRA Completion Report, ECS	October 1999
IRA Completion Report, ECS	December 1999
IRA Completion Report, ECS	January 2001
Supplemental Phase II Comprehensive Site Assessment (CSA) Gannett Fleming	February 2005
Phase III Remedial Alternative Analysis Report, Gannett Fleming	June 2005
Phase IV Remedy Implementation Plan (Exposure Unit 9) Gannett Fleming	March 2006
Phase IV Modified Remedy Implementation Plan (Exposure Units 2 and 4), Gannett Fleming	May 2006
Draft Modified Remedy Implementation Plan (Exposure Areas 1, 3, 5 and 7) PCB Impacted Soils, Gannett Fleming	July 2006
Phase IV Remedy Implementation Plan (RIP) Status Report and Remedial Monitoring Report, Gannett Fleming	September 2006
Modified Phase IV RIP, Gannett Fleming	8/27/08
Phase IV RIP Status Report, Gannett Fleming	10/31/07
Tier IA Permit Extension Application	11/27/07
MassDEP Permit Extension Approval Letter/Interim Deadlines	12/20/07
Modified Phase IV RIP, Gannett Fleming	1/31/08
Modified TSCA Cleanup Plan (to USEPA), Gannett Fleming	1/31/08
Modified TSCA Cleanup Plan for EUs 1, 3, 5 and 7(to USEPA), Gannett Fleming	7/16/08
Phase IV RIP Status Report, Gannett Fleming	10/28/08
Corrective Action Monitoring Report and BWSC-108A, Gannett Fleming	11/5/08
Tier IA Permit Extension Application	11/26/08
MassDEP Permit Extension Approval Letter/Interim Deadlines	12/11/08
FACEMATE SITE:	
Phase I, Limited Environmental Site Investigation, Facemate Corporation, 5 West Main Street, Chicopee", Environmental Compliance Services, Removal Action Program, After Action Report for the Facemate Corporation Site, Chicopee, 29 November 2004 through April 2005", Weston Solutions	February 1991
	August 2005

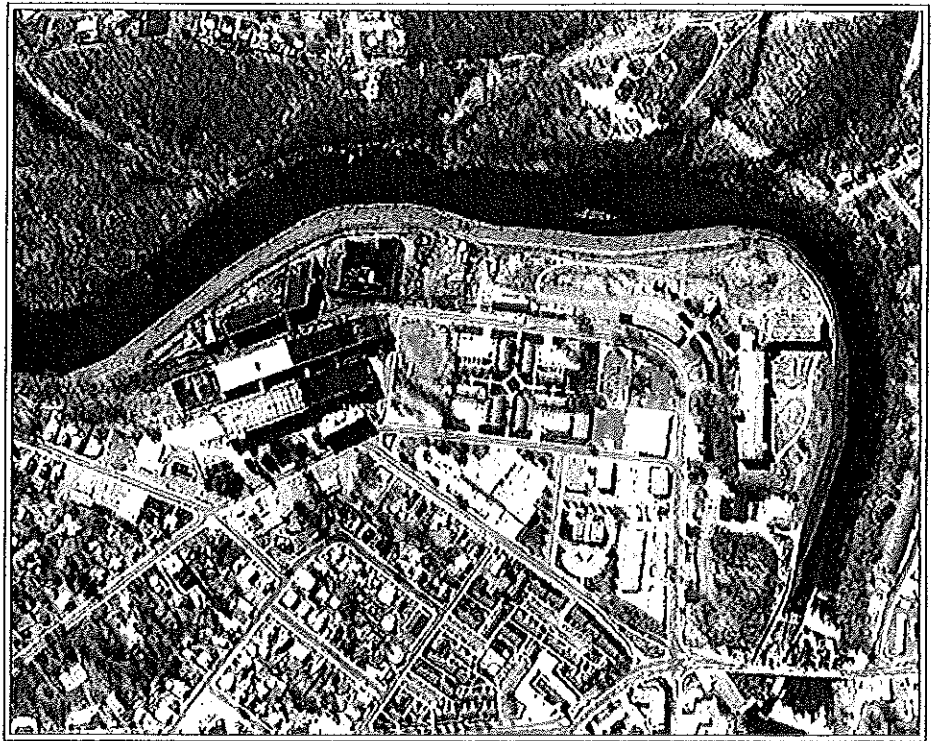
City of Chicopee, Massachusetts
The Uniroyal/Facemate Redevelopment Project

MassDevelopment
Brownfields Redevelopment Fund – NOFA II

Attachment C

**Uniroyal and Facemate Redevelopment Strategy
Prepared for the City of Chicopee
Prepared by the Cecil Group
January 2008**

Uniroyal and Facemate Redevelopment Strategy



Prepared for:
City of Chicopee

Prepared by:
The Cecil Group, Inc.

January 2008

1

Existing Conditions

The existing conditions concerning the site capacity for redevelopment of two large, underutilized land areas in the City of Chicopee is provided in this section. These holdings are generally called the "Michelin/Uniroyal Site" and the "Facemate Site". These two holdings are composed of a number of parcels of land along Oak Street, Grove Street, Front Street and West Main Street in Chicopee Falls.

Michelin/Uniroyal Site

The former Michelin/Uniroyal Site is composed of a series of parcels that are generally bounded by Oak Street, Grove Street, Front Street and the Chicopee River.

	Area (Acres)	Notes:
Subtotal	47.045 acres	
Development area	21.0 acres	Estimated approximate area
Flood structure land area	4.0 acres	Estimated approximate area
Usable land area	17.0 acres	Estimated approximate area

Facemate Site

These sites are composed of a series of parcels that are owned either by the Facemate Corporation or jointly owned by Facemate Corporation and Walter Mrozinski. The parcels and associated land areas are as follows:

	Area (Acres)	Notes:
Subtotal	32.677 acres	
Development area	20.177 acres	
Flood structure land area	4 acres	Estimated approximate area
Usable land area	16.2 acres	Estimated approximate area

Summary of Developable Land

The combined site areas subject to study are summarized as follows:

	Area (Acres)	Notes:
Combined development area	41.1 acres	
Combined flood structure land area	8 acres	Estimated approximate area
Combined usable land area	33.2 acres	Estimated approximate area

The following assumptions have been utilized during the completion of the evaluation and preparation for redevelopment of these sites:

Uniroyal/Michelin:

- Existing Buildings - No existing buildings will be retained. This assumption has been employed to establish a "baseline" site capacity and does not reflect any evaluation or consideration of the adaptability or cost effectiveness of retaining existing structures. Clearly, other alternative approaches could be considered in the context of site redevelopment, depending upon the use, potential historic values, and other factors.
- Developable and Usable Land – It is assumed that the narrow strip of land that composed the former rail alignment connecting plants along the Chicopee River is, for the most part, undevelopable. Only about 1.5 acres of this land appears to contribute to the land that is developable. The dike and levee system, similarly, is assumed not to be developable. As a result, the land subject to development is approximately 17 acres.

Facemate:

- Existing Buildings – Several of the existing buildings are considered as part of a reuse scenario. The principal structures remaining include Building No. 5 (5 story brick, approximate area 160,000 gross square feet), Building No. 4 (3 story brick, approximate area 100,000 gross square feet). The building numbers correspond with the Developer's Base Map. In total, up to 260,000 square feet of historic structures have been considered as potentially reusable.
- Developable and Usable Land – It is assumed that the 12.5 acre parcel of land west of the Chicopee River is undevelopable. The dike and levee system, similarly, is assumed not to be developable. As a result, the land subject to development is approximately 16.2 acres.

In addition there are other site characteristics that differentiate this site from other sites including:

- Railroad beds running from Springfield St./Rt. 116 north to where spur ends on West Main St. (in front of Post Office)
- Continuous frontage along Chicopee River
- Significant road frontage along Front St., Grove St., Oak St. & West Main St.
- Serviced by municipal sewer and water
- Zoned Industrial with permitted uses under current zoning: Industrial uses and any uses permitted in Business A & B districts
- Sites are located in the area covered by the Mill Conversion & Commercial Center Overlay District Ordinance, Chicopee Municipal Ordinance 275-67, adopted in 2004.
- Funding has been secured through the Transportation Improvement Program for a \$5.7 million reconstruction of the infrastructure along Front St., Grove St, and others streets adjoining the reviewed sites starting in 2008. This will include reconstruction of the pavement, sidewalks, wheel-chair ramps, and a reconfiguration of the Grove and Front intersection.
- The Route 141 Deady Memorial Bridge provides direct access to Route 33 and the Mass Pike is being replaced with an \$8.2 million project.

1.1 Market Conditions

Based on our review of previous studies and reports and no less than 8 telephone interviews with economic development agencies, developers, and commercial brokerage specialists the following review of the market conditions is provided. The main report utilized Uniroyal Re-use Report presented by North American Realty in 2004. Additional market research was conducted via commercial and industrial real estate web-sites. This is not a formal market analysis to determine the best program for the sites under review, but rather an analysis to predict the likely users and uses of the land.

The Hampden and Hampshire country region market currently has no less than 10 sites for development that contain from 100,000 to 1,500,000 square feet of space for industrial or commercial development. These sites vary from old manufacturing buildings to buildable lots that are within business parks. This includes sites within a 10-mile drive in Chicopee, Springfield and Holyoke.

Two additional sites in Springfield owned by the City, the York Street Jail and the Chapman Valve represent two additional properties that will be coming to the market in the near future. The sites will be demolished in the next few months and redevelopment efforts for the 3.5 and 13 acre sites will be brought to the market.

Additional components derived from the research and interviews is integrated into the following sections.

Market Position

The redevelopment of the combined sites should be considered in terms of reasonably likely uses that would be attracted to the location, configuration, site constraints and other assets. The type of redevelopment program that may consider such a location is described below.

Housing – The riverfront location and ability to completely transform a riverfront site suggest that conversion of the site to housing could be undertaken. This could include renovation of existing mill buildings/office structures and new construction on the southern section of the Facemate site. No housing would be allowed on the Uniroyal site. In general, densities are assumed to include a combination of townhouse and low-rise multiple unit building types. These types would be concentrated in low-rise, frame structures either three floors in height, or four floors, with the lowest level occupied by parking.

Senior Housing/Assisted Living Community – These uses would have the same density and layout characteristics as for housing uses, for the most part, although certain facilities would have special layout and size requirements.

Manufacturing/Research and Development – Such uses would take advantage of the size of the site and the opportunities associated with contiguous facilities in a campus-like setting. The ability to develop this space with a specialized niche or focus will enhance the ability to secure funding. Seeking to develop an industry cluster for the site in partnership with the state, private investors and institutions may prove useful.

Commercial Office – The scale of the site and overall demand and supply characteristics in the region for commercial office space appears to limit this option for development. The availability of millions of square feet of mill building inventory in the region may also impact this use.

Institutional Use – The isolated location of the site from existing institutions of higher education, health care systems or other large institutions this may prove to be a significant challenge for any institutional use.

Retail Center – The location of competing sites and facilities relative to these sites does not appear to favor development of a retail center. A village center concept that includes a small portion of retail may prove beneficial to the overall program. This should be viewed as retail that supports the new development and niche retail that is currently not meeting needs of the existing neighborhoods.

Resort Casino - The recent announcement by Governor Deval Patrick describing legislation for casino gaming at resort facilities did alter our analysis. This site was reviewed for its potential use as a resort casino. The site under review does not appear to be a likely candidate for the development of such a facility. It is our understanding that the City of Chicopee would be supportive of such a resort within its borders, but it does not appear that these sites are the best location.

The other use that was reviewed in detail but does not deserve consideration is the development of some additional public use facility. Given the proximity to the Public Safety Complex, District Court and United Post Office and the other recent large-scale public developments in the city it does not appear necessary to include a significant public facility use.

The matrix presented in Table 1 describes the potential uses, as well as the positive and negative characteristics of each use given the current market conditions.

Table 1: Relationships Between Development Site and Proposed Uses

Potential Use	Positive	Negative
Housing	<ul style="list-style-type: none"> • Allow units to have view advantages over the dikes/flood control structures. • Developed for targeted populations may add value and increase market viability. • Requires recreational and other amenities to be in close proximity as part of the program. • Proposed Riverwalk south of the sites expanded into new program would be a high value addition. 	<ul style="list-style-type: none"> • Compete with other developments of mill renovated housing in the downtown center. • Housing market appears to be slow and may be impacted by financing uncertainty. • Sufficient subsidized housing appears to be present within the target area.
Senior/Assisted Housing	<ul style="list-style-type: none"> • Portion of any housing developed may consider this population as a component. 	
Manufacturing	<ul style="list-style-type: none"> • Modern facility with specialized use may be highly valued. • The eastern portion of the Uniroyal site would be best suited for this type of use. • Development of a campus setting. 	<ul style="list-style-type: none"> • Compete with other vacant facilities and land in Industrial/Business Parks or vacant mill buildings in region. • Market may not support development costs.
Commercial		<ul style="list-style-type: none"> • Significant available space in older buildings. • Market may not support development costs.
Institutional	<ul style="list-style-type: none"> • One opportunity to use space for conference center • Investment opportunity for graduate student housing. 	<ul style="list-style-type: none"> • Proximity to institutions may limit uses.
Retail Center	<ul style="list-style-type: none"> • Potential for limited retail development on Facemate site frontage. • Retail opportunity to support new development. 	<ul style="list-style-type: none"> • Route 33 large retail centers. • Competition for existing neighborhood retail, 30,000 square feet of existing space.
Resort Casino	<ul style="list-style-type: none"> • May support some use of land for auxiliary or related services depending on preferred location. 	<ul style="list-style-type: none"> • Site is not sufficient to accommodate anticipated size. • Transportation impacts may be significant.

1.2 Final Capacity Study

This investigation was undertaken to provide the basis for evaluation of the redevelopment potential of the sites and integrates the data received and reviewed since the memorandum and illustrative studies that were previously presented. The sources of information do not include an accurate base plan that can be used to provide calculated land areas, building footprints and the like; however, reworking assumptions have been used by approximating measurements using AutoCAD, site visits and graphic scales that appear on some source documents.

The following program and site capacity study has been investigated on a capacity basis to provide a sense of the possible scale and character of development. Based on the market conditions we believe that considering a mixed-use development that maximizes the building space is the best use for planning purposes. The City should utilize these numbers for estimating build out of the sites, but should retain an open mind to any proposed uses that are provided by developers.

The final site capacity analyses presumed that the reuse of the land would be either primarily housing or industrial uses, with a minor amount of other uses. A variety of standard assumptions were applied to help establish initial and final concepts regarding the amount and disposition of the uses on the sites. Mixed Use Capacity is illustrated in the following diagram. The Diagram was created using typical proportions for buildings and parking areas and to consider the implications for infrastructure and open space that might be taken into account.

This image and table 2 reflects the current understanding of the proposed Activity and Use Limitation that will be utilized with the planned Uniroyal site remediation that is currently occurring. The size and location of the AUL are estimated on the image based on the current understanding of remediation. The estimated AULs are described in greater detail in section 2.1 of this report. This limitation would prevent building above the site and limit the development of residential and parkland on the capped location.

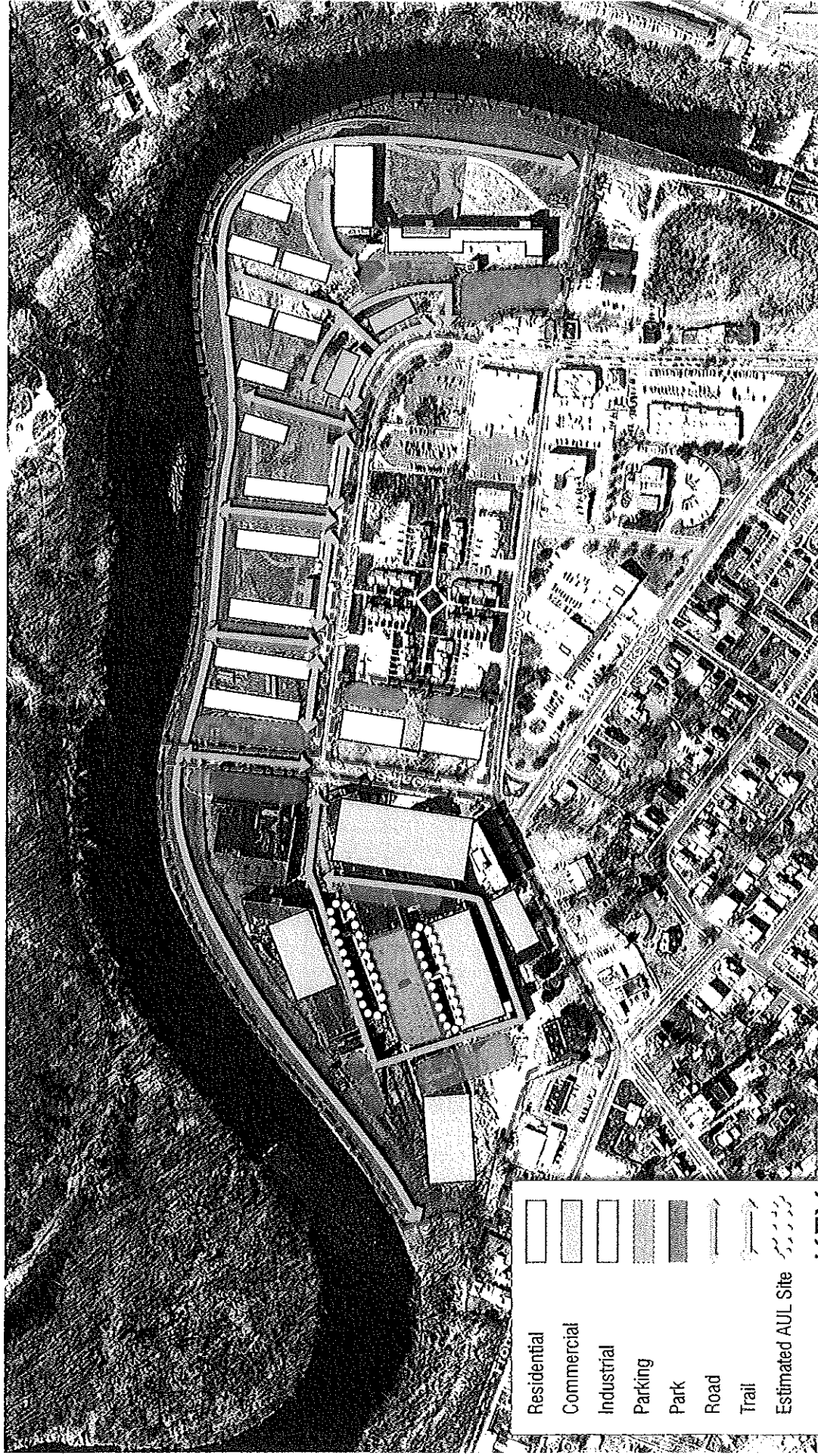
The program and site disposition associated with the final capacity mixed use redevelopment is summarized in table 2 and depicted in the following diagram:

Table 2: Final Site Capacity Study

	Site Area Allocation	Site Based FAR	Land Area	Land Area	Developed Building Area	Average Unit Size	Efficiency Factor	Unit Count	Parking	
	Percent of Total	Building area/ available site area	(Acres)	(SF)	(GSF)	(NSF)	(NSF/ GSF)		Ratio/ unit or spaces/ 1,000 GSF	Spaces
Industrial Uses										
Industrial buildings	18%	0.67	7.4	322,861	216,317				1	216
Research and develop	8%	0.35	3.3	143,494	50,223				3	151
Subtotals					266,539					367
Residential Uses										
Town house units	10%	0.35	4.1	179,367	62,778	1,100	0.85	49	1.5	73
Multi-family units	10%	0.60	4.1	179,367	107,620	1,100	0.85	83	1.5	125
Adaptive reuse units	15%	1.34	6.2	269,051	360,000	1,250	0.85	245	1.5	367
Subtotals					530,399			376		565
Commercial Uses										
Retail/restaurant	2%	0.40	0.8	35,873	14,349				4	57
Office	4%	0.40	1.6	71,747	28,699				4	115
Subtotals					43,048					172
Public Open Space										
Parks and trails	8%		3.3	143,494						
Infrastructure										
Streets and roads	6%		2.5	107,620						
Flood control structures	19%		8.0	348,480						
Totals	100%		41.2	1,793,670	839,986					1,104

Final Site Capacity Study

Redevelopment Strategies for the former Facemate/Uniroyal Sites



	Residential
	Commercial
	Industrial
	Parking
	Park
	Road
	Trail
	Estimated AUL Site
KEY	

1.3 Land Control Methods

Options for land control are limited by the fact that the Uniroyal/Facemate sites are privately owned, and the owner has not kept up with tax payments or other financial responsibilities of maintaining the properties. To date, the owner has not been responsive to the City's attempts to get the owner to fulfill their financial obligations to the City or negotiate a transfer of ownership and control of the land. Similarly, the owner has neither come forward with plans for the rehabilitation and improvement of the sites, nor has he appeared to be responsive to inquiries of private developers interesting in considering a purchase and sale negotiation.

Ideally, the quickest option for land control would be the negotiation of a purchase and sale agreement between the property owner and a prospective developer. The City could participate in this scenario by facilitating marketing and sale of the properties, either by helping bring together the interested parties or by conducting a search for the most capable and responsive developer through the issue of the Request for Letters of Interest and a Request for Proposals. This, however, would require a mutual agreement and cooperation between the owner and the City about the redevelopment process and its intended outcome. Such level of understanding does not appear to currently exist.

Other options available where there is no cooperation or agreement between the owner and the City include Tax Foreclosure and acquisition by Eminent Domain. A summary description of these processes follows.

Tax Title and Foreclosure

The City has initiated tax foreclosure procedures for the sites due to delinquency of tax payments. At the same time, the owner has filed for bankruptcy protection. In both instances, court procedures take a long time and required constant investment of time and effort. A timeline for completion and resolution is quite difficult to determine but is known to be significant in terms of time, effort and uncertainty. In general terms, it can be assumed that the process could extend for at least a minimum of one year after initiation.

Unless the City and the owner are able to come into an agreement for a negotiated purchase, in which the City could facilitate the process through facilitating the marketing and sale of the properties, the currently ongoing tax title and foreclosure process may be the most effective avenue to achieving land use control at this point.

Acquisition by Eminent Domain (Urban Renewal Mechanism)

The exercise of eminent domain has long been controversial with people concerned that eminent domain may be used to support private development. A bill has been introduced in the Massachusetts legislation to restrict the use of eminent domain, following up on last June's Supreme Court decision ruling that the power of eminent domain can be used to promote economic development. In any case and in order to justify an eminent domain initiative, it is important that steps be taken to demonstrate the public benefit through a full-scale financial analysis that could stand to challenges in court.

The City of Chicopee is in capacity of implementing urban renewal through its Urban Renewal and Housing Authority. A series of steps are required prior to the acquisition of land by eminent domain:

- The land must be in an area which has been determined to be "a decadent, substandard or blighted open area"
- The City must prepare and approve an urban renewal plan for the area
- There must be a public hearing before city council of which the land owners of record must have been duly notified
- Taking must have the consent of the Massachusetts Department of Housing and Urban Development and municipal officers

This process may take roughly between one and two years, depending on the length of time required for the preparation and adoption of an urban renewal plan. Given the long time required for planning and the potential for lengthy court procedures, acquisition by eminent domain should probably be a last resource method for acquisition of these sites.

Negotiated Purchase Private Effort

At least two options exist for the negotiated sale of this property. The first is the direct sale of the property by the owner to an interested buyer. This could occur at any time and would require that the city be compensated for any past due or lien amounts on the property. This would present an opportunity to work with a new owner to develop the land in a manner that is consistent with the desires of the City. The concern would be the lack of involvement in determining the next owner and the reality of if they can complete the desired project.

The estimated costs of this option is minimal to the city but the time required to have this be completed is uncertain.

Negotiated Purchase Marketing and Sales Agreement

These would probably be the most expedite option for land control and disposition of the property to a selected developer, should the owner be willing to enter into this type of process. The City could participate in this scenario by facilitating marketing and sale of the properties, either by helping bring together the interested parties or by conducting a search for the most capable and responsive developer through the issue of the Request for Letters of Interest and a Request for Proposals.

The time required to complete this option is approximately six to nine months. This process would seek to make both the city and the owner remunerated for their expenditures on the property while generating new development on the site. This would present the opportunity for the City to act in its best interest in determining the future use and development on the site. This also presents the opportunity for the City to seek and secure additional incentives and funding from State and Federal sources.

The estimated cost for this process would be the expense or city personnel time required to complete the following tasks:

- Designing the Request processes
- Determining redevelopment opportunities and costs
- Completion of environmental review and cost estimates
- Marketing the opportunity adequately
- Review and management of the proposal process
- Seeking State and Federal funding through grant applications and appropriations process, and final acquisition
- Facilitating negotiation process between owner, prospective developer and city officials.

This cost for these services is estimated to be between \$150,000 and \$225,000. This total includes approximately \$50,000 that was already expended by the City of Chicopee in relation to these sites. An additional cost that may be incurred during this phase is more extensive assessment for environmental and asbestos review. This may cost \$200,000 to \$400,000 and would ideally be supported by state or federal funding.

Develop "Center Line" Strategy for Land Control

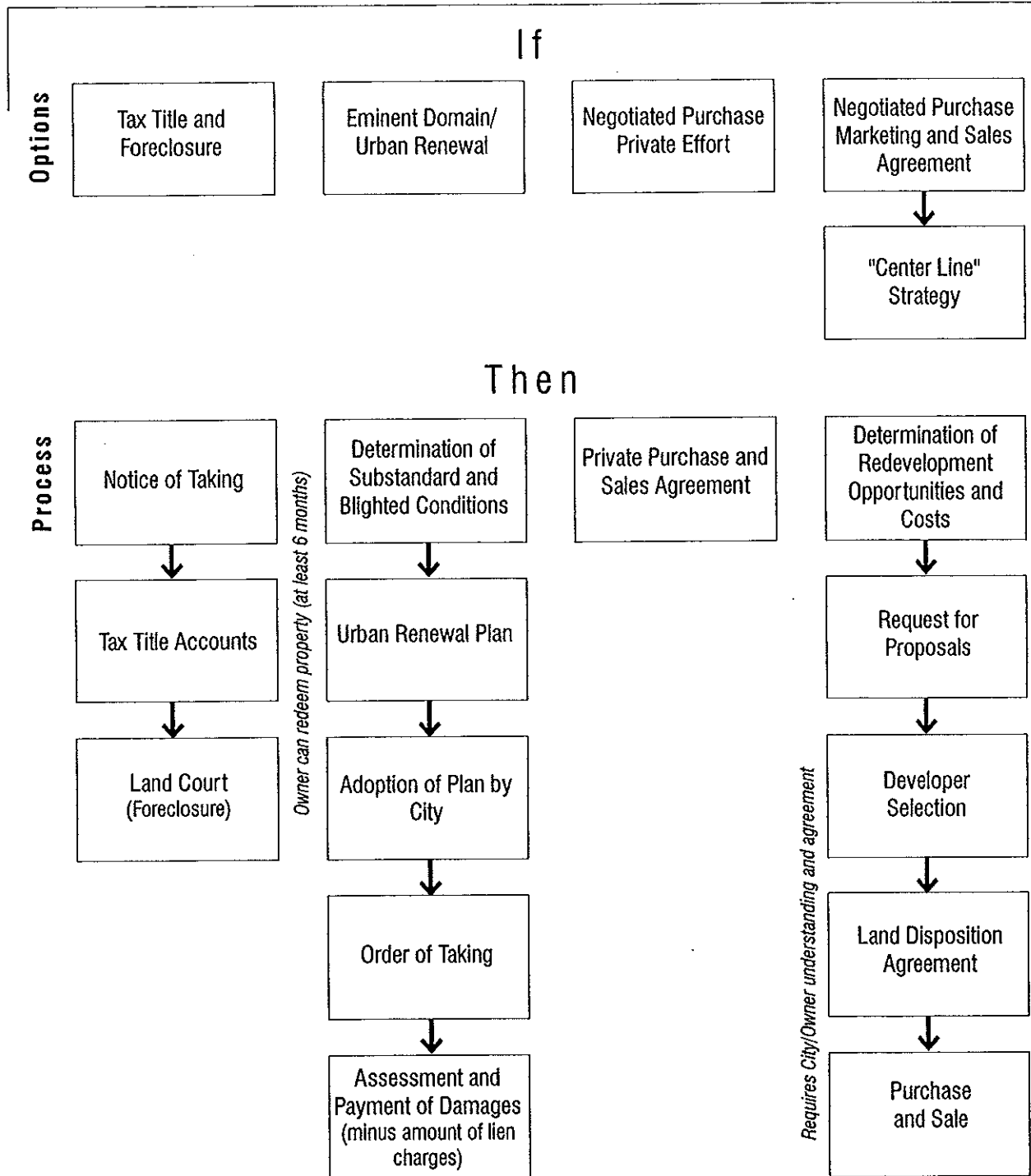
The Cecil Group will advance a "center line" strategy to establish land control for discussion purposes, based on the review of the existing circumstances and the legal steps underway. This strategy will be developed in outline form and advanced to Tom Haberlin for review and discussion with the Mayor prior to proceeding with more detailed discussions and planning on this topic.

The potential solutions for the City of Chicopee will vary depending on the degree that the complexities of the current legal issues associated with the property. The Cecil Group will generally review the current legal strategies being utilized by the City of Chicopee to better understand the intent, timing and subsequent actions required in this process. The Cecil Group will coordinate this review through the appropriate members of the City legal staff. This process will serve to clarify the City process already underway and determine the steps that are under the control of the City or other legal level of government.

We will also consider the legal opportunities and implications associated with the environmental remediation and regulatory circumstances. We will undertake a discussion with the attorney providing advice relative to the mitigation reviews and evaluations underway through your office.

The resulting strategy suggestions will indicate the processes that may be used, their relationship to the existing City process underway, and implications in terms of time, risk and expense for discussion purposes.

LAND CONTROL



1.4 Redevelopment Assumptions

This section documents the critical redevelopment assumptions for the strategy being developed. The first section is provided for discussion and the remaining four sections will be completed after receiving key decisions from the City. The remaining sections include environmental remediation sequence and conditions levels of subsidization to enable private sector development, regulatory steps required to establish selected entitlements; and organizational framework to enable successful completion.

Method Of Land Control

The quickest and best option for land control would be the facilitation of a purchase and sale agreement between the property owner and a prospective developer by the City representatives. The City could participate in this scenario by facilitating marketing and sale of the properties, either by helping bring together the interested parties or by conducting a search for the most capable and responsive developer through the issue of the Request for Letters of Interest and a Request for Proposals.

This would require a mutual agreement and cooperation between the owner and the City about the redevelopment process and its intended outcome. A letter of understanding between the City and the owner would need to be developed that contains the following conditions:

- City, or its representative, be empowered to market the property on behalf of the owner for the desired uses of the City;
- An agreement on a minimum amount that must be derived by the property owner and the City in the transaction process;
- City identify how or if it will reduce the past debts to the City listed on the property;
- City pursues public incentives and subsidies to increase the likelihood of private redevelopment; and
- Owner agrees to the sale of the property to the City identified developer.

The time required to complete this option is approximately six to nine months. This process would seek to make both the city and the owner remunerated for their expenditures on the property while generating the desired new development on the site.

This would present the opportunity for the City to act in its best interest in determining the future use and development on the site. This also presents the opportunity for the City to seek and secure additional incentives and funding from state and federal sources.

2

2.1 Clean-Up and Use Standards

This section provides a summary of the cleanup effort, current schedules, relationship to the overall redevelopment process, and any critical actions that may be required in order to provide for levels of remediation that will be needed for redevelopment.

Uniroyal Site:

As determined from the most recent Michelin filings with Massachusetts DEP and past reviews of the Uniroyal site we understand it contains on-site contaminants including PCBs, VOC impacted soil, and petroleum hydrocarbons are present in the soil, underground storage tanks and buildings. Furthermore, a significant concern still exists for the level of contamination under the buildings and in the foundations.

We understand that the current plan includes an activity and use limitation (AUL) on the western portion of the site when the remediation is completed. The goal would be to make as much of the property developable to the highest possible standard. Typically if a site is to have a capped AUL location it is placed on the location that has the highest level of contamination. All other soils addressed through the process are relocated to this site. This allows for the remediation to occur at the lowest cost.

For this review we are assuming that the AUL will be at a level of restriction that will not allow future residential, park or buildings to be developed, or above a capped location. It is further assumed that the future use of the AUL site would be for parking for the future development. The final capacity study reflects the potential AUL locations and type of future use. These assumptions reflect the worst-case scenario for the site given our understanding of the types and levels of contamination.

Massachusetts DEP is overseeing the environmental clean-up which is being completed by Gannett Fleming. The Phase V clean-up has begun and is slated to be completed by December 2008. The remediation methods being utilized are guided by TSCA (Toxic Substances Control Act), a federal act which supersedes any state guidelines. O'Reilly, Talbot & Okun has completed a review of Phase V Uniroyal remediation plan and has provided a determination on the slated location, type and size of the AUL that is planned.

Gannett Fleming is currently completing an estimated \$2.6 million in site remediation work. This remediation program includes in situ treatment of oil and solvents; 1,000 yards of PCB contaminated soil being treated under TSCA federal regulations, 200 yards are being removed while 800 are being left on site. Under TSCA, the PCB contaminated soil can be collected at a point already contaminated and buried in an AUL. Once this is done, the material must stay in place or be removed; it cannot be relocated; unless another spot contaminated with PCB's is found on site with high levels of concentrations. Under TSCA, the AUL cannot occur in an area with non-contaminated soil that meets a certain threshold of concentration.

The current remediation plan developed by Gannett Fleming locates one AUL between the building structures in Exposure Unit 3. Exposure Unit 5 and 7 are also areas where an AUL could be located. Exposure Unit 7 is located directly along the river bank and would

not be a suitable location for the AUL. Exposure Unit 5 is located between buildings like Unit 3 but it is wider than Unit 3 and may allow for a less linear AUL area. The Unit 5 and 3 locations are depicted on the final capacity study as estimated AUL locations.

Both Unit 5 and 3 will be potential impediments to the redevelopment of the site and will have to be managed during the demolition process making sure the cap is not corrupted. This of course will be an issue moving forward as the building is demolished and the site is developed as any future developer will need the AUL to be located where only parking or open space (non-active) is desired. Mike Talbot, of O'Reilly, Talbot and Okun, believes that there is a small window of opportunity to specify the location of the AUL within the parameters of locating it where there is already contamination. While the AUL cannot be moved in the future to accommodate development, it can be removed.

Facemate Site:

It is important to note that neither the Uniroyal or Facemate portions of the site has had a thorough site assessment inclusive of the structures on site. It appears that the 2 acre parcel on Oak and Grove Streets was historically parking for employees and is likely to be the least contaminated part of the site. If this is sold off, a future developer would not have the ability to have this as a first site and get cash into the project if needed. Also, this parcel is a front door to the site and any uses that are poorly situated to the site may be detrimental to the overall market potential. The Facemate portion of the site historically had several structures on it which were demolished. The past uses on this area combined with the demolition may have left considerable contamination behind, something that has to be determined in the near future.

A site potentially as contaminated as this one will take public funding to make it competitive in the market. A private developer may not have the ability to leverage the public funds needed. By getting the property into city ownership, the City can secure funds such as EPA, HUD, and EDA funds for site improvements and at the same time a secure developer who could enjoy the protection of 21E exemption, while improving the property, until the deed transfers. This prior expenditure of funds could be done by an LDA and the deed held in escrow until DEP has signed off on the site.

The facemate property has a large portion of vacant land along the river that once housed mill buildings. Depending on when these were demolished, the building debris could be in the ground and could present a problem for development, adding additional costs. There is also an underground tunnel on this site that provided water to the textile mill. Prior work done by Environmental Compliance Services found high concentrations of solvents in wells placed in this tunnel. The source was never discovered and a proper investigation never completed.

The only known involvement by the Environmental Protection Agency on this site occurred in 2004 and 2005. The Facemate had emergency EPA involvement for the removal and containment of hazardous materials at the 5 Grove St. location. The EPA action was the result of Massachusetts DEP notification of hazardous material within structures on site. The EPA found the presence of at least 50,000 gallons of acids, bases, hydrogen peroxide, ammonia, ammonium chloride, and other hazardous materials in tanks, vats, drums, and other contain-

ers. The EPA also identified friable asbestos and transformers containing polychlorinated biphenyls (PCBs). Gannet Fleming was the contractor responsible for this remediation and was coordinated through MA DEP. The clean-up was completed in June 2005.

The Massachusetts DEP has been involved on the Facemate on at least three other occasions for major spills and numerous minor spills that were documented by DEP. The three major spills involved 200 gallons of #6 fuel oil, 7000 gallons of sulfuric acid, and a minimum of 2700 gallons of sulfuric acid. These spills and observed clean-ups occurred from 1987 to 2004.

Currently there is no data available on the identification or level of any soil contamination of the Facemate site. The current asbestos review and cost estimate process being conducted by O'Reilly, Talbot & Okun has not been able to be completed due to lack of access the site. Until a site evaluation and asbestos assessment is conducted the redevelopment will be hindered.

Relationship to Redevelopment

The existence and location of the AUL on the Uniroyal site will have implications for the redevelopment of this site. The most significant implication is the lack of ability to develop residential components of the development in the vicinity of the AUL on the Uniroyal site. Given this restriction the decision to seek a mixed-use development for these combined sites is most prudent. The Uniroyal site could be designated for Commercial and industrial use. The subsequent physical layout of buildings could be designed in a manner that maximizes building locations around the restricted area and utilizes this area for parking.

The unknown status of remediation issues on the Facemate site presents an obstacle that must be addressed. Uncertainty on this issue may deter future developers from considering the site due to an unforeseen risk.

Critical Actions

The most critical action for the City of Chicopee to consider is whether the location of the AUL at its designated location is a detriment to the overall development. If the City desires to have the opportunity for residential development on the Uniroyal site then the city must take steps to negotiate for a higher level of remediation by the Michelin Corporation. This would require legal and environmental consulting expertise to assist the City through this negotiation. This process would have an unknown cost and time estimate depending on the ability to work with Michelin.

The second critical action relevant to clean-up and use is to actively seek and secure adequate funding to complete a thorough assessment of the Facemate site. Either through state or federal funding the City should actively pursue funding to complete the required assessment and resources to address any contaminants determined to be on site.

The third critical action is to pursue and secure grant funding from state or federal sources to complete the determined asbestos remediation and any site remediation.

2.2 Estimated Costs of Redevelopment Premiums

This calculation of potential cost premiums accounts for the demolition and site preparation costs is based on available building summaries of areas and site conditions.

Building Demolition

The following assumptions have been utilized in calculating the demolition costs for the combined sites:

- All buildings on the Uniroyal site would be demolished to high cost of renovating the existing space. This represents an estimated 1.55 million square feet of space in 19 buildings;
- The two significant structures on the Northern end of the Facemate site would be retained for renovation. This represents an estimated 260,000 square feet of space that will be retained;
- The remaining structures on the Facemate site representing an estimated 100,000 square feet of space would be demolished;
- Total building demolition would equal 1.65 million square feet of space.

The cost estimate for demolition of the identified buildings is based on a combination of industry standards and recent market activity. The current market range of costs for demolition and remediation services appears to be from \$6.59 to \$11. The cost of building demolition will vary depending on the ability of the provider to recycle the materials derived from the demolition.

The market in Western Massachusetts appears to be changing slightly on the demolition costs given two recent bids received for completing demolition on similar structures in Springfield. The city received bids for demolition, debris and asbestos removal for the Chapman Valve Complex and the York Street Jail. The demolition requirements may not be the same as the sites under consideration but they are similar enough to sense a decreasing cost for these services.

The actual bids received for demolition were 69 % to 76 % of the estimated costs for each project. For comparison, Chapman Valve has 138,000 square feet of space to be demolished and some minor asbestos remediation and the bid received was \$908,240. This represents a cost of \$6.59 per square foot.

The estimated cost for building demolition at the Uniroyal site in 2004 by North American Realty Services was \$12 per square foot. Given the current market conditions and the asbestos remediation cost estimate being provided separately we estimate the cost per square foot to be \$4.50 - \$6.00 for building demolition.

The total estimated cost of building demolition for 1.65 million square feet is \$7.4 million - \$9.9 million.

This estimate would be combined with the asbestos remediation cost estimates being completed by other firms.

Site Preparation Costs

The site preparation costs are estimated based on prior experience and current market conditions. The costs are estimated assuming that the site preparation tasks are completed prior to demolition of the buildings. The following tasks and costs should be considered for site preparation:

- Contractor mobilization: \$30,000
- Temporary Site Utilities: \$10,000
- Security Fencing: \$35,000
- Erosion Control: \$20,000
- Land preparation: \$155,000

The site preparation costs are estimated to be \$250,000. This cost may vary depending on the conservation requirements to protect outfall of sediment at the site during the demolition and construction phases. The cost estimate also assumes that the necessary permits would be provided through other means.

Environmental and Asbestos Remediation

In order to determine a more reliable and accurate cost estimate for subsurface environmental remediation and asbestos removal a separate and parallel process was conducted. Due to the inability to gain access to the Facemate site OTO has not been able to complete a cost estimates asbestos costs estimates for the Facemate site. GZA has completed a cost estimate for hazardous material (\$2.6 million) and asbestos remediation (\$5.2 million) at the Uniroyal site. See preliminary asbestos and hazardous materials evaluation from GZA dated October 26, 2007.

Currently the remediation plan that is being completed by Gannett Fleming at the Uniroyal site is estimated to cost \$2 million. This cost estimate may change depending on many factors, but this cost will not be added to the development costs. The responsible party, Michelin Corporation, is providing for this cost. If a higher level of use of the property is desired then is currently planned this cost will increase.

Efforts to secure public grants to offset the assumed additional remediation costs for a higher level of use or for determined contamination on the Facemate site should be pursued. A more detailed description of the funding mechanisms is included in the potential grants and financial subsidies section.

Special Transaction Premiums

Given the nature of this site and the public involvement in its disposition consideration should be given for some special transaction premiums to increase the opportunity for success for future redevelopment.

A significant premium may be the ability of the City to forgive some portion or all of the past obligations on the property during the transaction process. The City currently is owed a significant amount for past taxes, security and other liens that appear to exceed the

market value for the land. Whether the City were to acquire the property or facilitate the sale of the property if the outcome is a developer who will work with the City to develop the type of uses desired then it may be worth the premium of waving the obligations. This premium may be viewed as having the new owner acquire the property for a portion of the land cost and would increase the viability of the project.

The redevelopment cost will be a compilation of the construction, infrastructure improvements, building demolition, site preparation and remediation costs. The following table summarizes the current cost estimates that are known for the proposed final capacity development.

Estimated Development Costs for Proposed Redevelopment

The development costs associated with the final capacity mixed use redevelopment is summarized in table 3. Costs estimates are not available for remediation at the Facemate site.

Table 3: Estimated Costs for Proposed Redevelopment

	Site Based FAR	Developed Building Area	Average Unit Size	Efficiency Factor	Unit Count	Construction Costs	Total
	Building area/available site area	(GSF)	(NSF)	(NSF/ GSF)		(Cost/GSF)	
Industrial Uses							
Industrial buildings	0.67	240,352					
Research and develop	0.35	62,778					
Subtotals		303,130				\$160	48,508,800
Residential Uses							
Town house units	0.35	62,778	1,100	0.85	49		
Multi-family units	0.60	107,620	1,100	0.85	83		
Adaptive reuse units	1.34	360,000	1,250	0.85	245		
Subtotals		530,399			376	\$150	79,559,850
Commercial Uses							
Retail/restaurant	0.40	14,349					
Office	0.40	28,699					
Subtotals		43,048				\$160	6,887,860
Public Open Space							
Site Preparation							250,000
Infrastructure							
Building Demolition		1.65 m				\$9.1 m	9,100,000
Uniroyal Remediation							
Environmental							2,600,000
Asbestos						TBD	5,200,000
Totals		876,577					152,106,510

2.3 Potential Grants and Financial Subsidies

There are a series of “mechanisms” or programs that will assist or advance the actions, either with policy and program support, or, through direct or indirect financial support. A number of these are local decisions to adopt sections of the state law and apply them to the plan. The others are funds and programs managed by federal or state authorities under the regulations established. Such public investment is often needed to inspire private economic activity, providing the initial resources or simply the confidence that private firms and individuals may need to invest in the abandoned industrial area under review.

This section summarizes potential sources of funding and financing that may be needed and may be reasonably available to unlock redevelopment. A brief description is provided for each mechanism identifying the intended use of the funding. The potential list of resources is accompanied by the enumeration of the key conditions associated with creating the subsidy mechanism for accomplishing the granting of funds. The listing is divided into federal, state and local mechanisms that can be utilized for financing or funding the public portion of the proposed redevelopment.

A second section is provided that identifies the likely programs or sources and the approximate values that may be needed to support redevelopment.

Federal Mechanisms

Numerous federal mechanisms are available to assist the City of Chicopee in bringing the sites under review back to the market. The funding is available through highly competitive application or appropriation process.

Direct Appropriation – Request funding from the local elected delegation of Federal Senators and Representative as a direct appropriation in the next available fiscal year budget. In addition, it is important for all segments of a municipality to advocate for support from these leaders to support all program or grant applications for public subsidies.

The U.S. Department of Housing and Urban Development (HUD) provides funding for community development activities (including brownfields assessment and cleanup) through the following programs:

Community Development Block Grant Program (CDBG) - Provides an annual grant to municipalities with populations over 50,000 or identified central cities of metropolitan areas (“entitlement communities”). These funds are awarded on a formula basis and may be used for brownfields-related activities such as site assessment, remediation, demolition, rehabilitation and construction.

Key Conditions:

- Local process and priorities competing for limited resources;
- Municipal authority is required.

Section 108 Loan Program - Provides entitlement communities receiving CDBG funds through HUD with up to 5 times their annual CDBG allocation in guaranteed loans for brownfields redevelopment activities. Program can be utilized for financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. Allows municipalities to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects.

Key Conditions:

- Limited to economic development guidelines and overall goals of CDBG;
- Loans can be secured for 20 years;
- Typically connected with BEDI funding described below.

Brownfields Economic Development Initiative (BEDI) - Provides funding to communities to assist cities with the redevelopment of abandoned, idled and underused industrial and commercial facilities where expansion and redevelopment is burdened by real or potential environmental contamination. Funding of up to \$1,000,000 is available.

Key Conditions:

- Limited to economic development guidelines and overall goals of CDBG;
- Loans can be secured for 20 years;
- Typically connected with Section 108 Loan program funding described above.

Brownfield Tax Deduction Program - Allows a 100% deduction against federal income for cleanup costs taken in the year they are incurred by an individual or entity with taxable federal income.

Key Conditions:

- The MassDEP Brownfields Coordinator must certify in writing that a project is eligible before this deduction is taken.

Brownfields Assessment Grant Program; Brownfields Cleanup Grant Program; and the Brownfields Cleanup Revolving Loan Fund Program - Provide funding to entities for assessing and cleaning up brownfields sites. Funding from \$200,000 to \$1,000,000 is available for qualified sites.

Key Conditions:

- U.S. Environmental Protection Agency (EPA) coordinates activity and funding decisions with Massachusetts DEP.

Historic Rehabilitation Tax Credit - A certified rehabilitation project on an income-producing property is eligible to receive up to 20% of the cost of certified rehabilitation expenditures in state tax credits.

Key Conditions:

- Annual cap on the amount of credits available;
- The Massachusetts Historical Commission certifies the projects and allocates available credits.

State Mechanisms:

Opportunities to secure federal and state programs are determined by many factors, such as, tax revenue, environmental remediation and job growth resulting from the proposed development. The Commonwealth of Massachusetts currently utilizes the following categories to determine eligibility for certain funding mechanisms:

- Economic Target Area (ETA) is three or more contiguous census tracts, in one or more municipalities, meeting one of nine statutory criteria for economic need. Chicopee is designated as an ETA.
- Economic Opportunity Area (EOA) is an area or several areas within a designated ETA of particular need and priority for economic development. These areas are selected by the individual communities, and must meet one of four statutory criteria for designation.

The Economic Assistance Coordinating Council (EACC) is a public-private body that is responsible for designating the categories described above. The EACC is co-chaired by the Director of Economic Development and the Director of Housing and Community Development.

Direct Appropriation – Request funding from the local elected delegation of State Senators and Representatives as a direct appropriation in the next available fiscal year budget. In addition, it is important for all segments of a municipality to advocate for support from the local elected delegation of State Senators and Representatives to support all program or grant applications for public subsidies.

Economic Development Incentive Program - Offers tax and other incentives to attract new businesses in targeted areas. The following benefits are available under this program: 5% Investment Tax Credit; 10% Abandoned Building Tax Deduction; and Local real estate tax incentives such as Tax Increment Financing (TIF) or Special Tax Assessment (STA). TIF and STA are described in the local mechanisms section.

Key Conditions:

- The site must be located in a state designated Economic Target Area (ETA) to be eligible for these incentives.

MORE Program - Offers competitive grants to municipalities that partner with private developers to improve infrastructure for projects that create jobs. Although site assessment cannot be funded through MORE, site remediation and preparation work that is tied to infrastructure improvements is eligible for funding.

Key Conditions:

- Funding is connected with job creation, which may delay the opportunity to access until a redevelopment plan is created with the proposed developer;
- Past success of Chicopee receiving \$1.8 million in 2007 for Pogo Jet, Inc and Skybus Airlines may limit this opportunity.

Municipal Tax Abatement Program - Allows municipalities to negotiate back taxes, including interest, with developers undertaking brownfields projects.

Key Conditions:

- A municipality must adopt a by-law before negotiating agreements with developers.

Brownfields Redevelopment Fund - Provides low interest loans for site assessment and cleanup to public and private sector parties. Available funding ranges from \$100,000 to \$2,000,000 and can be utilized for site assessment and remediation.

Key Conditions:

- To qualify for this program, the project has to be located in an EDA;
- Higher levels of funding are available for projects determined to be a priority for economic development;
- Provided through MassDevelopment.

Remediation Loan Program – Loans ranging between \$500,000 to \$2 million can be used to finance cleanup costs, regulatory compliance costs, site preparation and entitlement, demolition, construction, mortgage financing and various soft costs.

Key Conditions:

- Provided through MassBusiness.

Assessment/Cleanup Grant of Service- MassDEP has limited funding through EPA to perform site assessments and cleanups at brownfields sites on behalf of municipal and non-profit entities.

Key Conditions:

- MassDEP uses state contractors to do this work rather than granting this funding directly to the community or non-profit.

Brownfield Tax Credit Program - Provides a tax credit of up to 50% after a cleanup is completed, and 25% for a cleanup that uses an Activity and Use Limitation (AUL).

Key Conditions:

- The project must be located in an ETA as defined by the state. Tax credit may be transferred, sold or assigned to another eligible person or to a nonprofit organization.

Public Works and Economic Development (PWED) - Promotes economic development through improvements to streets, sidewalks and other specified infrastructure. Eligible activities include design, construction and/or reconstruction or existing and/or newly relocated streets

Affordable Housing Incentives – A review of incentives and subsidies for inclusion of affordable housing was not included in this process. The City of Chicopee appears to have a sufficient amount of projects with inclusion of this type of funding and the City may not be a strong supportive of this use.

Local Mechanisms

The City is familiar with many of the powers that are available to it through state laws.

Special Tax Assessment - Covers both the existing and new value of the real estate owned or leased by the prospective Certified Project candidate. In year one, the tax is zero percent of the existing and new assessed value of the real estate. In year two, up to 25% of the assessed value is taxed. In year three, up to 50% of the assessed value is taxed. In year four, up to 75% of the assessed value is taxed. In years five and following, up to 100% of the assessed value is taxed.

Key Conditions:

- The Special Tax Assessment is for a period of five to twenty years;
- Requires municipal approval;
- Requires Commonwealth approval.

District Improvement Financing (DIF) – DIF is a mechanism that allows an incremental increase in private tax dollars that result from new construction in a specific area to be directly invested into infrastructure improvements, such as roads, utilities, land acquisition and construction of infrastructure improvements.

Key Conditions:

- Typically, the municipality posts a bond in order to leverage initial funding.

To utilize DIF a Development District (from one parcel to 25% of total land in municipality) is designated and a development program must be created. The program must examine existing conditions and zoning, proposed conditions and zoning change if necessary and a financial plan.

Tax Increment Financing (TIF) – Establishment of a TIF creates tax relief for developers /land owners, catalyzing redevelopment and investment. Specifically, landowners within a TIF zone may be granted exemptions of up to 100% of property tax increments that result from investment. Under TIF zone development, projects may qualify for additional incentives such as Investment Tax Credits, Abandoned Building Tax Credits and Research and Development Tax Credits.

Key Conditions:

- Exemptions may be granted for a periods of 5 to 20 years;
- Initiation of a TIF commences upon certification by the Economic Assistance Coordinating Council (EACC) of a “TIF Plan”, which has been approved by municipal vote;
- The Zone must be located in an “Economic Opportunity Area” or identified as an area “presenting exceptional opportunities for economic development” by the Director of Economic Development.

Local Redevelopment Powers - With the formal adoption of a Redevelopment Area, the city may use the powers of eminent domain and reconstruction through a Redevelopment Authority. This goes beyond the DIF program with additional powers to restore degraded areas.

Key Conditions:

- Reactivating the dormant redevelopment authority in Chicopee would be required to access the powers available.

Bonding – Tax exempt bond issued by the municipality that can vary in duration for repayment. May utilize to provide funding for DIF or similar financing mechanisms to provide financing for components of the redevelopment plan that will assist with securing a private developer.

Key Conditions:

- Needs municipal and Commonwealth approval depending on type of bond utilized;
- Depends on availability of space on municipal bond cap for the City of Chicopee.

Likely Programs or Sources of Funding

The following section identifies the likely programs or sources of funding available to the City of Chicopee for redevelopment of the site and the approximate amounts that may be available. These funding sources reflect those typically used for the redevelopment of large Brownfield sites in Massachusetts. Building on the discussions with the client and an additional review of all applicable funding sources the list in Table 4 was designed to represent the likely scenario for sources of funding. The listing is provided to guide the city towards the most viable options to support the redevelopment of this site.

Table 5 provides the program or source of funding, the estimated amount the City of Chicopee may be able to receive and any additional comments regarding the funding opportunity. The listing is divided into the various stages of redevelopment that the site will go through.

Table 5: Recommended Program or Sources of Funding

Program or Source	Estimated Amount	Comment
1. ENVIRONMENTAL ASSESSMENT		
US EPA Brownfields Assessment Grant ¹	\$400,000	Apply for 2 grants, one for each site at \$200,000 each.
Mass Development Site Assessment Loan	\$100,000	Interest free loan
2. DEMOLITION, LEAD AND ASBESTOS ABATEMENT		
Municipal Bond ²	\$5 million	
Section 108 Loan ³	\$1 million	Amount of loan based on current CDBG funding to the municipality. Average loan is \$3 million with a minimum of \$500,000 and maximum of \$5 million.
Direct Appropriation ⁴	\$10 million	Federal and state sources combined
US EPA Revolving Loan Fund	\$750,000	Seek funds through PVPC existing fund
3. POST DEMOLITION REMEDIATION		
HUD Brownfield Economic Development Initiative	\$1 million	Must be accompanied by Section 108 loan 1:1 match
Mass Development Site Remediation Loan	\$500,000	Must be part of a redevelopment project.
US EPA Cleanup Grant	\$400,000	Apply for 2 grants, one for each site at \$200,000 each.
4. SITE IMPROVEMENTS, INFRASTRUCTURE		
Massachusetts Public Works Economic Development Grant	\$1 million	Can be used to leverage EDA funds, must be part of a redevelopment project
EDA Public Works and Economic Development Grant Program	\$1 million	Grant request can exceed \$1 million if match funds can be leveraged
District Improvement Financing ⁵	TBD	Investment leveraged against future tax revenues.
Estimated Amount from Sources	\$22.05 million	

¹ Applications have been made in concert with the Pioneer Valley Planning Commission (September 2007).

² Estimated Municipal Bond amount will not be able to be predicted accurately until further environmental and asbestos research is done on both of the properties.

³ The City may be eligible to receive an amount larger than the estimated amount provided.

⁴ Amount of direct appropriation is estimated at a minimum of \$10 million but may be significantly different when the site evaluation and remediation on both sites is completed.

⁵ Estimated amount of DIF would be determined as the project approached the development phase of the project. This should be utilized to provide an incentive for the desired city development to occur.

It is important to note that the ways in which some of these programs can be accessed changes depending on whether the property is publicly or privately owned. The majority of these programs are designed for a public ownership, but with a private developer leveraging additional funds. It should be noted that in Massachusetts under the 21E regulations, a municipality that receives a property through tax foreclosure is exempt from the regulatory timelines as long as there is a good faith effort made to move the property into a productive use. This does not apply if the municipality acquires the property through eminent domain.

The availability of these funds is further limited if the property is sold to a developer in a private transaction. When this is done, the developer does not enjoy the protection of 21E exemptions and does not qualify for many of the funding sources listed. However, in the case of private ownership, the municipality has the ability to grant tax relief through various programs as a means to achieving gap financing. An example of these would be a Brownfield tax abatement of back property taxes to an innocent owner or a TIF to a new owner which reduces the near term local property tax burdens.

The \$22.05 million in estimated support from the programs and sources listed may be predicted to be provided over the course of the sites development. It is likely that the direct appropriation and municipal bond estimates may vary depending on future research and review of the sites.

3

3.1 Marketing Target List

The recommended approach for advertising and issuing a Request for Letters of Interest (RFLI) is to utilize two main mechanisms for disseminating this opportunity; direct contact with developers and advertising through media outlets. The goal is to promote the RFLI through a variety of media and distribution networks in able to promote this development opportunity to the desired audiences.

The duration of the marketing phase for the RFLI is estimated to be four to six weeks. The advertisement would summarize the site details, opportunity and goals of the City of Chicopee. Interested parties will be directed to contact either the City of Chicopee or The Cecil Group for the RFLI prospectus. The advertisement will also identify a deadline, which should be approximately 30 days from publication for submission of the Letters of Interest.

Direct Contact with Developers

Based on similar efforts in recent years, communications with colleagues in this field and during this project we have constructed a listing of over 50 potential developers from the Northeast United States or representing national firms. The representatives of these firms will be provided an introduction letter summarizing the site, opportunity and goals of the City of Chicopee. Interested parties will be directed to contact either the City of Chicopee or The Cecil Group for the RFLI prospectus.

Providing the information to these potential developers and to networks that they are affiliated will increase the opportunity for success. The client will be provided this growing contact list with the draft RFLI for review and additions.

Recommended Publications for Publishing Advertisement

The second approach recommended is to publish advertisements of the development opportunity and RFLI process in the media outlets that will be viewed by the desired audience. Given the nature of the opportunity the following publications should be considered for marketing the development. The table provides the publication, its schedule, advertisement size and costs for running the advertisement on specific days and varied durations.

Publication	Size	Cost
New England Real Estate Journal <i>Published weekly</i>	1/8 page	\$395/one day, \$295/two days.
	1/4 page	\$695/one day, \$495/two days.
Banker and Tradesman <i>Published weekly</i>	1/8 page	\$445/one day; \$349/six days.
	1/4 page	\$674/one day; \$556/six days.
Loopnet <i>Online real estate listings</i>	Premium Website listing	\$89.95/month; \$239.85/quarterly.
Boston Globe <i>Published daily</i>	3.72"x2"	\$2112/one day; \$1728/two days; \$2544/Sunday.
	3.72"x3"	\$3168/one day; \$2592/two days; \$3816/Sunday.
	5.58"x3"	\$4752/one day; \$3888/two days; \$5724/Sunday.
Springfield Republican <i>Published daily</i>	3.72"x2"	\$325.80 daily; \$376.40 Thursday; \$406.56 Sunday.
	3.72"x3"	\$488.70 daily; \$564.60 Thursday; \$609.84 Sunday.
	5.58"x3"	\$733.05 daily; \$846.90 Thursday; \$914.76 Sunday.
Boston Business Journal <i>Published weekly</i>	1/8 page	\$1570/one day
	1/4 page	\$2960/two days
Urban Land Institute (ULI) <i>Published monthly – next issue is due out in the beginning of December</i>	1/4 page 1/2 page	Marketplace (3.5"x 4.75") – \$995 Regular Run – \$2000 (Includes 3 months of business card advertising).

Based on our experience and in speaking with developers and other professionals in the Northeast this listing has been provided in priority order in terms of reaching the desired audience.

Other publications, such as the New York Times, were considered but were not included for the high costs and low return on the investment for advertising in such a location.

Prospective Budget

The Cecil Group will complete an advertisement for the RFLI for placement for each publication as a component of the current service.

Based on feedback from the client a budget will be prepared for the placement of advertisements in the desired publications. The Cecil Group would be responsible for the placement of advertisements and the City of Chicopee would be responsible for the costs of the advertisements.

The budget estimate for the publication of the advertisement in five locations should be estimated at \$13,000. This estimate includes placement of the advertisements on the highest cost periods for the first five publications listed.

3.2 Request for Letters of Interest

The draft request for letters of interest is provided as a separate file. This draft is to be utilized for feedback from the client. A final request for letters of interest will be developed once feedback is received from the client.

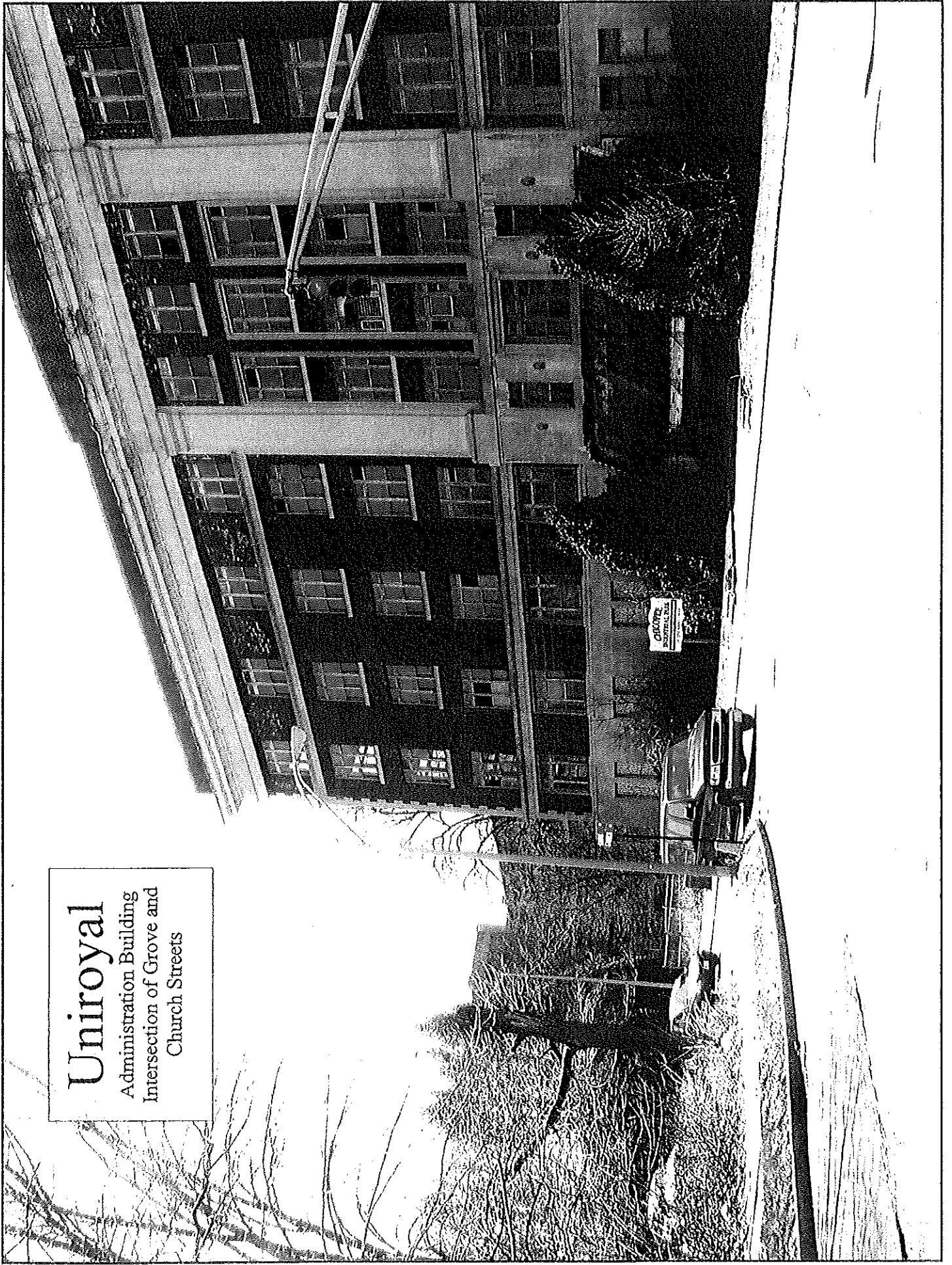
City of Chicopee, Massachusetts
The Uniroyal/Facemate Redevelopment Project

MassDevelopment
Brownfields Redevelopment Fund – NOFA II

Attachment D

Photos of Uniroyal and Facemate Site

Uniroyal
Administration Building
Intersection of Grove and
Church Streets

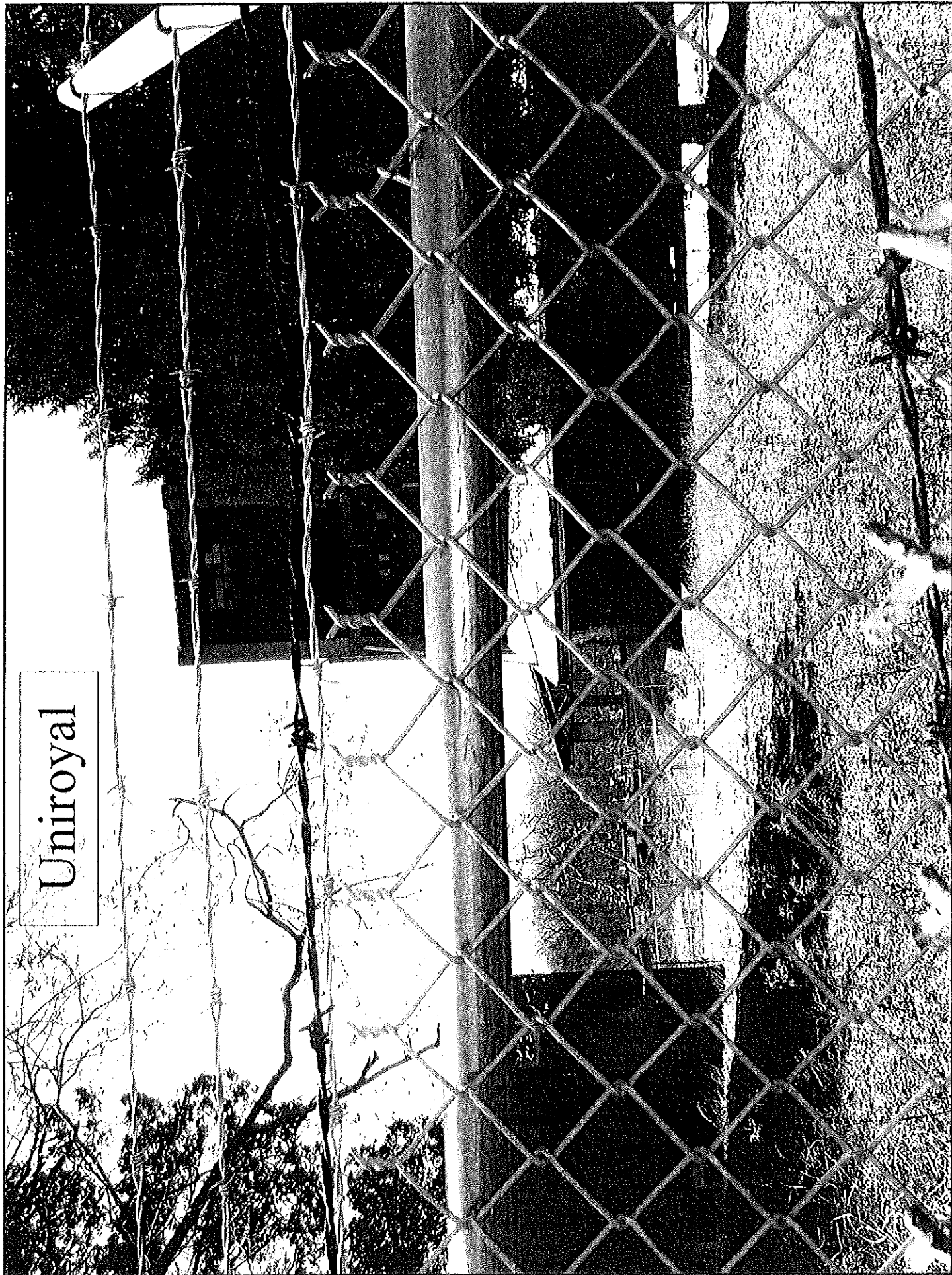




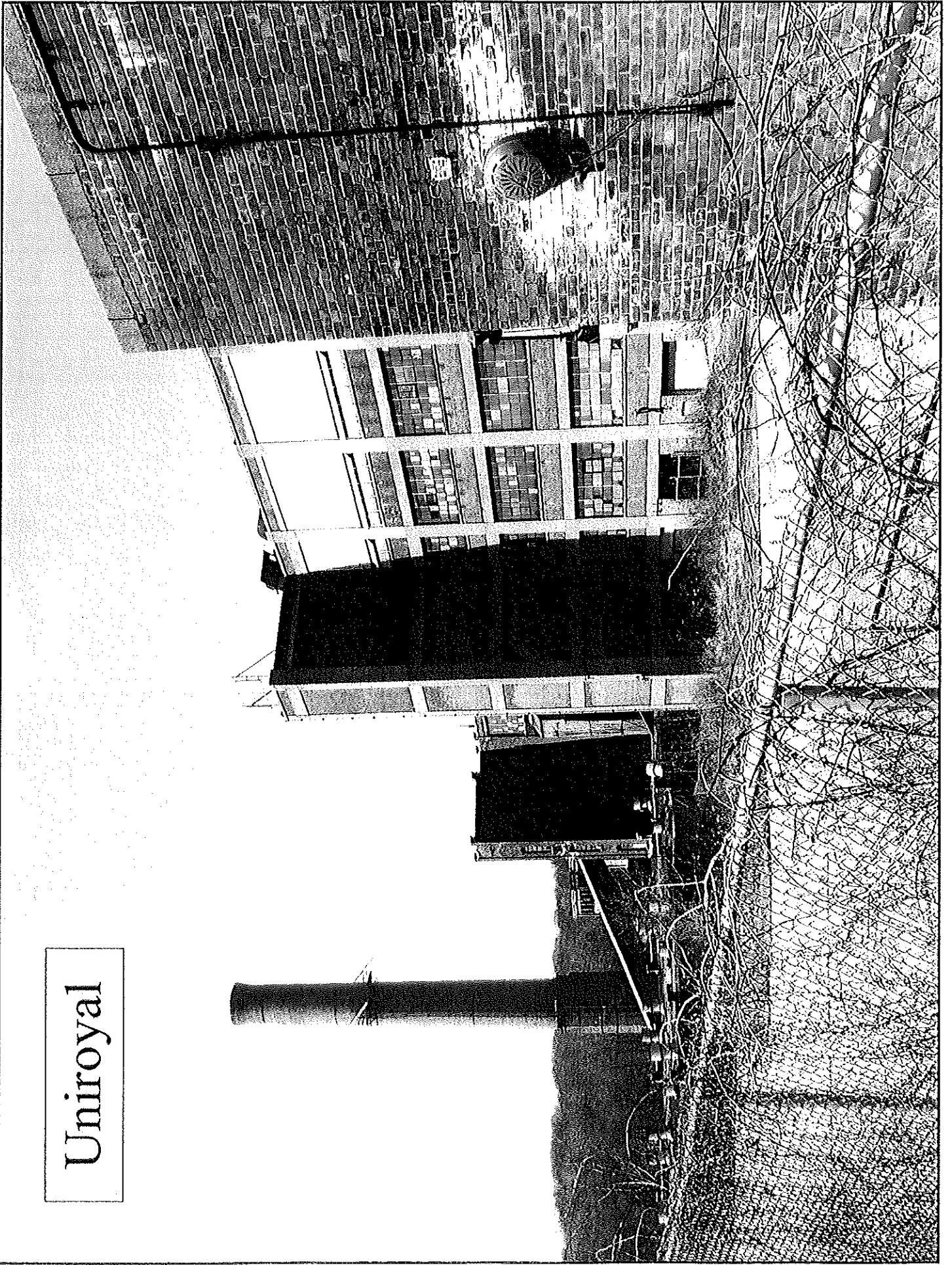
Uniroyal

View south along West Main from
Facemate. Vacant land to left and right
of frame is part of redevelopment site.

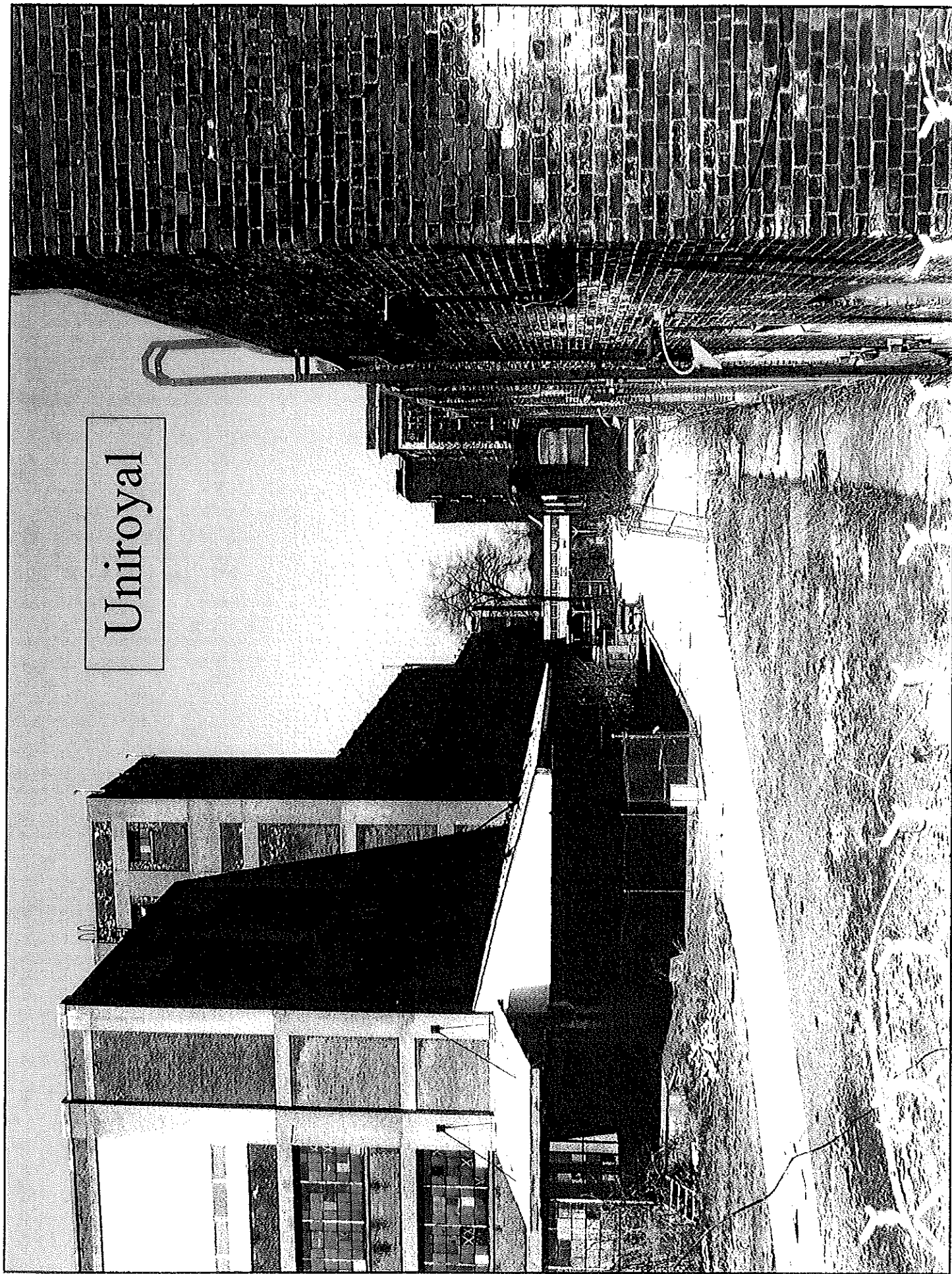
Uniroyal

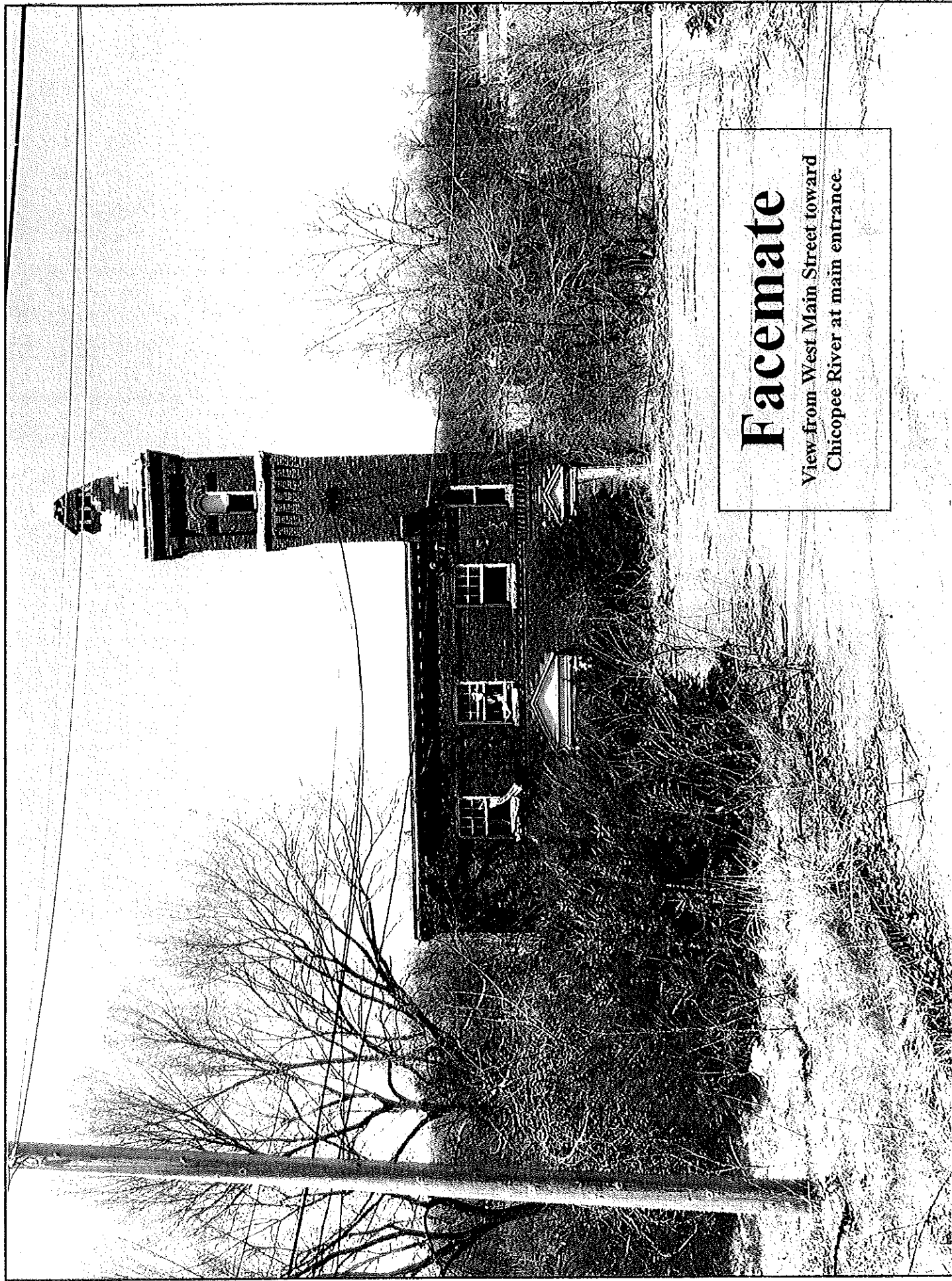


Uniroyal



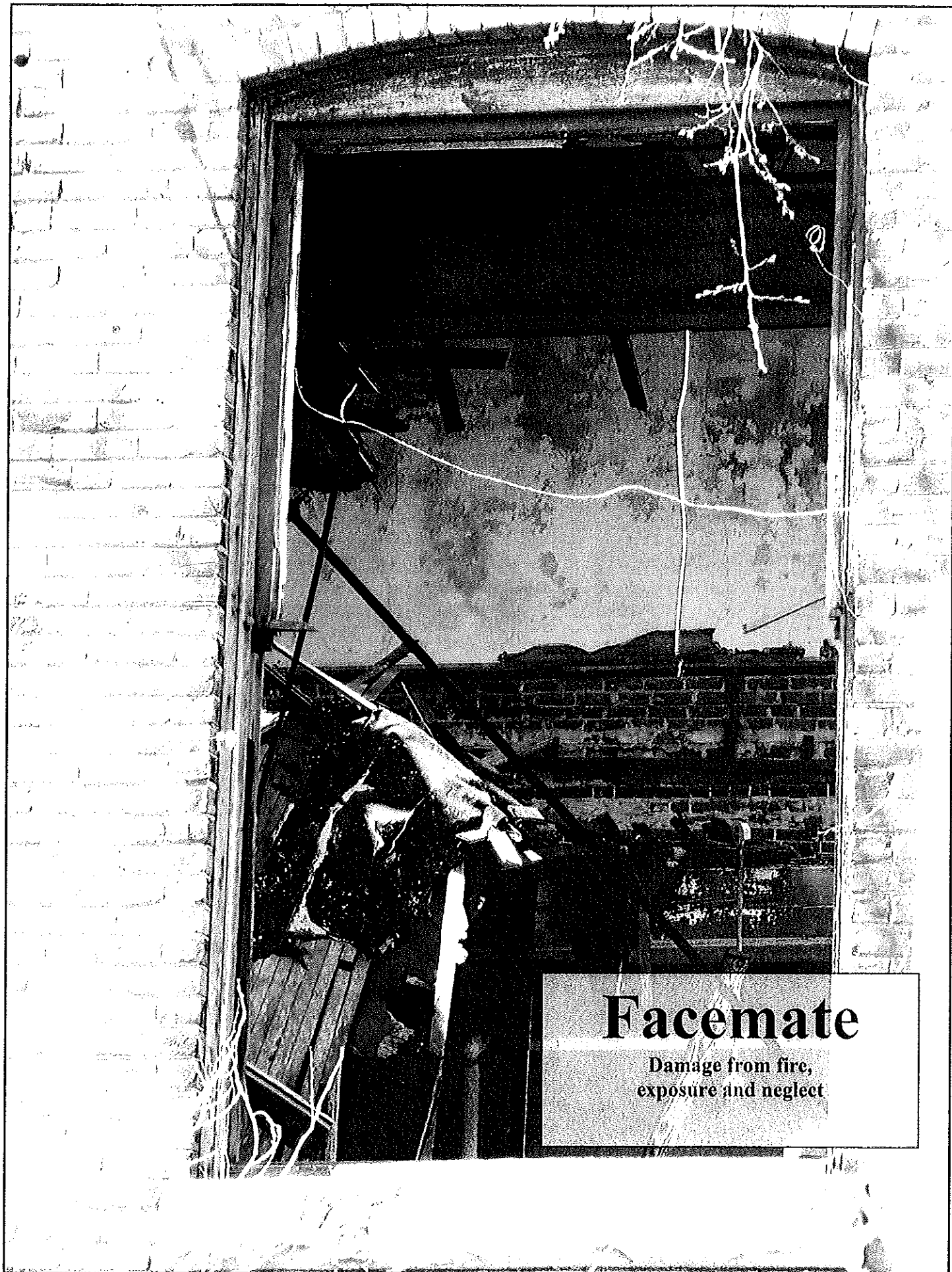
Uniroyal





Facemate

View from West Main Street toward
Chicopee River at main entrance.



Facemate

Damage from fire,
exposure and neglect



Uniroyal

View from Grove and Oak Streets of main
Uniroyal building cluster prior to visible
collapse of lower tier (upper-right quadrant).
Chicopee River forms the backdrop.

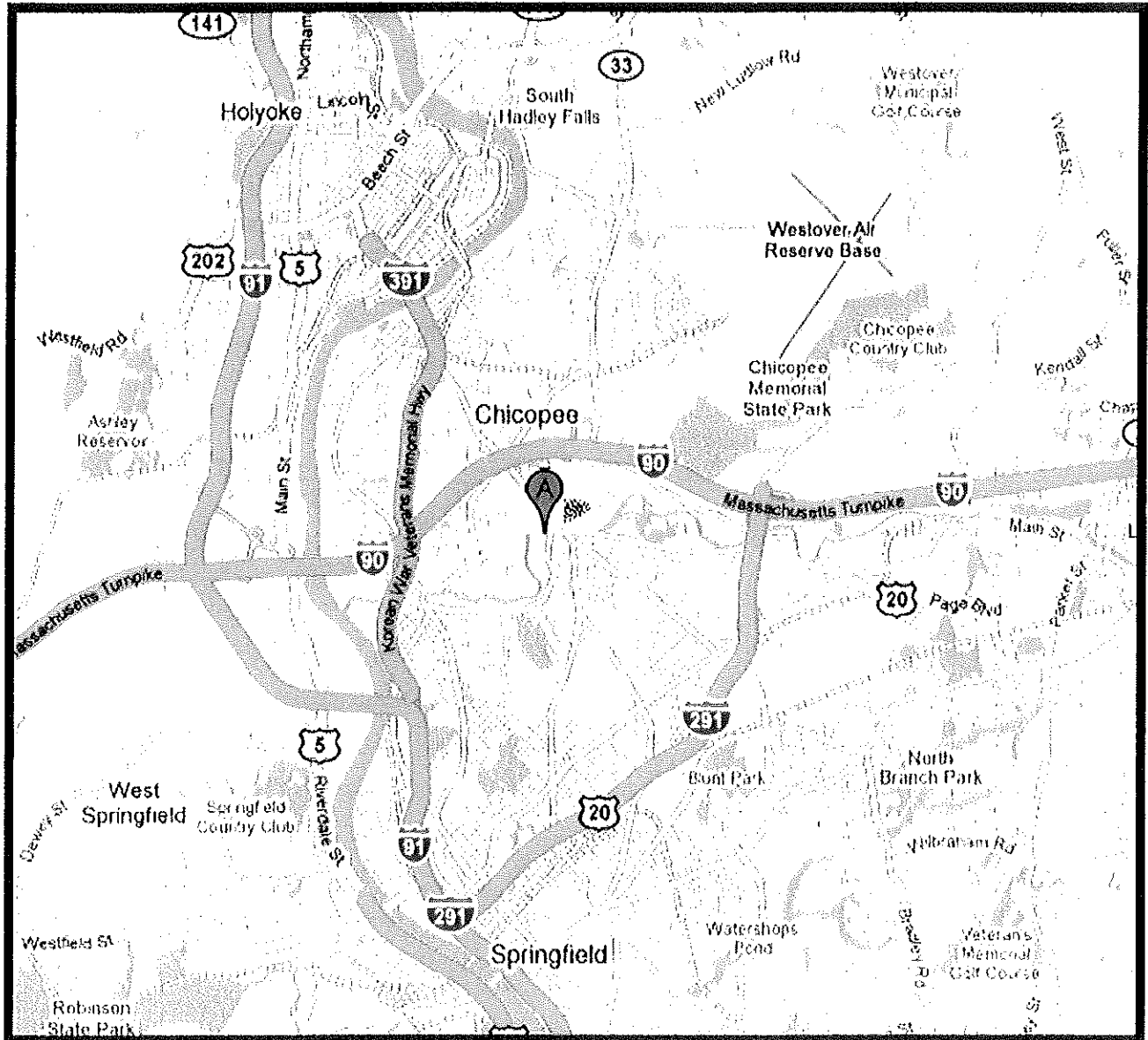


Facemate

Oblique view looking north. Shows main buildings while plant was in operation and spectacular setting on the Chicopee River. US Post Office is in southeast quadrant.

Attachment E

Site Directions and Map



Directions:

- Take I-90 Mass Pike West to Exit 5 – Chicopee (85 miles)
- Keep right and continue toward Memorial Drive/Route 33 (0.2 miles)
- Follow Signs for Chicopee/Westover and Merge onto Memorial Drive/Route 33 (0.9 miles)
- Take Slight Right at Rout 141 (0.2 miles)
- Turn Right at Main Street (0.1 miles)
- Turn Left at Grove Street (0.3 miles) to 154 Grove Street/5 West Main Street - Uniroyal/Facemate Site